Advertising as percent of sales

Primary business	Rank	Advertiser	U.S. ad spending		U.S. sales		Adv. % U.S. sales	
			1986	1985	1986	1985	1986	1985
AIRLINES	153	NWA Inc.	$52,882	$45,970	$3,589,174	$2,655,491	1.5	1.7
	104	Trans World Airlines	78,782	66,900	2,063,867	2,115,317	3.8	3.2
AUTOMOTIVE	136	BMW AG	61,545	49,875	N/A	N/A	N/A	N/A
	105	Daimler-Benz AG	77,423	64,643	N/A	N/A	N/A	N/A
	144	Fuji Heavy Industries	58,718	41,004	N/A	N/A	N/A	N/A
	158	Hyundai Motor Co.	52,331	N/A	N/A	N/A	N/A	N/A
	154	Isuzu Ltd.	52,557	26,618	N/A	N/A	N/A	N/A
	193	Mitsubishi Motors Corp.	34,514	33,597	N/A	N/A	N/A	N/A
	185	Volvo AB	41,359	49,213	3,018,500	3,199,600	1.4	1.5
CREDIT CARDS & FINANCIAL	190	BankAmerica Corp.	36,040	26,117	N/A	N/A	N/A	N/A
	194	Citicorp	33,731	61,156	N/A	N/A	N/A	N/A
	156	MasterCard International	52,393	32,233	N/A	N/A	N/A	N/A
	109	Metropolitan Life Insurance Co.	72,964	56,902	19,467,000	18,835,000	0.4	0.3
	113	Prudential Insurance Co. of America	70,618	57,891	N/A	N/A	N/A	N/A
	196	State Farm Mutual Automobile Ins. Co.	32,544	26,059	11,664,000	9,863,000	0.3	0.3
	192	Visa International	35,445	41,668	N/A	N/A	N/A	N/A
COMPUTERS ELECTRONICS & APPLIANCES	147	Apple Computer	57,596	83,859	2,660,000	1,901,000	2.2	4.4
	160	Black & Decker Corp.	51,815	67,642	1,038,866	1,102,201	5.0	6.1
	102	Matsushita Electric Industrial Co.	79,809	86,055	N/A	N/A	N/A	N/A
	165	NEC Corp.	50,090	32,487	N/A	N/A	N/A	N/A
	103	North American Philips	79,377	67,814	4,325,600	4,216,900	1.8	1.6
	135	Whirlpool Corp.	61,796	62,079	N/A	N/A	N/A	N/A
ENTERTAINMENT	179	Bally Manufacturing Corp.	43,468	40,257	1,600,000	N/A	2.7	N/A
	119	Gulf +Western Industries	68,635	58,497	3,574,700	3,096,900	1.9	1.9
	178	Tri-Star Pictures	43,476	25,448	210,234	231,736	20.7	11.0
FOOD	101	Borden Inc.	81,962	57,324	4,044,190	3,883,861	2.0	1.5
	111	Castle & Cooke Inc.	71,318	56,481	1,265,000	1,276,000	5.6	4.4
	116	George A. Hormel & Co.	69,068	70,702	1,960,237	1,502,235	3.5	4.7
	172	Ocean Spray Cranberries	47,329	29,311	635,758	541,690	7.4	5.4
	159	Reckitt & Colman PLC	51,924	36,431	N/A	N/A	N/A	N/A
	171	Tyson Foods	48,265	20,288	1,503,719	1,135,712	3.2	1.8
	115	United Biscuits Holdings PLC	69,305	62,427	1,147,000	1,077,300	6.0	5.8
JEWELRY	188	De Beers Consolidated Mines Ltd.	36,386	35,597	N/A	N/A	N/A	N/A
	137	Hattori-Seiko Co. Ltd.	60,912	61,162	N/A	N/A	N/A	N/A
MEDIA	200	Bertelsmann AG	29,218	31,590	N/A	N/A	N/A	N/A
	130	Capital Cities/ABC	63,117	72,183	4,124,400	N/A	1.5	N/A
	183	Dow Jones & Co.	42,566	24,735	N/A	N/A	N/A	N/A
	187	Hearst Corp.	39,034	37,301	N/A	N/A	N/A	N/A
	181	News Corp. Ltd.	43,154	41,476	N/A	N/A	N/A	N/A
	170	Triangle Publications	48,426	48,730	N/A	N/A	N/A	N/A
	195	Turner Broadcasting System	33,351	34,252	556,917	351,891	6.0	9.7
MISCELLANEOUS	110	Blue Cross Blue Shield Assn.	71,519	60,607	N/A	N/A	N/A	N/A
	186	Federal Express Corp.	40,258	50,301	3,178,308	2,573,229	1.3	2.0
	129	First Brands Corp.	64,831	61,977	837,244	N/A	7.7	N/A
	162	Franklin Mint	50,530	46,450	N/A	350,000	N/A	13.3
	145	Hallmark Cards	58,367	41,901	N/A	N/A	N/A	N/A
	184	Holiday Corp.	41,532	29,927	1,647,700	1,804,400	2.5	1.7
	168	3M Co.	48,883	38,469	N/A	N/A	N/A	N/A
PAPER & FOIL	151	Kimberly-Clark Corp.	55,298	69,541	3,112,700	3,042,200	1.8	2.3
	180	Reynolds Metal Co.	43,416	36,258	3,300,900	3,214,100	1.3	1.1
	175	Tambrands Inc.	44,772	44,004	333,612	312,783	13.4	14.1
PETROLEUM	182	Amoco Corp.	42,914	30,462	16,243,000	23,131,000	0.3	0.1
	174	Chevron Corp.	45,413	45,714	19,886,000	30,253,000	0.2	0.2
PHARMACEUTICALS	117	Carter-Wallace Inc.	69,046	65,796	354,694	323,962	19.5	20.3
	142	Ciba-Geigy Ltd.	59,488	51,842	2,434,000	2,363,000	2.4	2.2
	132	A.H. Robins Co.	62,742	45,332	616,400	566,200	10.2	8.0
	163	Sandoz Ltd.	50,403	55,272	1,327,000	1,240,000	3.8	4.5
	148	SmithKline/Beckman Corp.	56,700	51,718	2,595,900	2,341,500	2.2	2.2
	161	Squibb Corp.	50,884	48,870	1,016,900	812,100	5.0	6.0
	199	Thompson Medical Co.	31,635	40,236	117,000	133,000	27.0	30.3
	128	Wellcome PLC	64,900	51,430	624,400	655,500	10.4	7.8
PHOTOGRAPHY	122	Canon Inc.	67,085	81,201	1,720,000	1,695,441	3.9	4.8
	150	Minolta Camera Co. Ltd.	55,505	56,734	N/A	N/A	N/A	N/A
	112	Polaroid Corp.	71,249	69,555	964,300	779,300	7.4	8.9
RETAIL: FOOD	127	American Stores	66,244	68,168	14,021,484	13,889,528	0.5	0.5
	169	Domino's Pizza	48,489	27,324	1,444,000	1,084,000	3.4	2.5
	146	Imasco Ltd.	57,633	62,390	N/A	N/A	N/A	N/A
	114	Jerrico Inc.	69,478	63,183	N/A	N/A	N/A	N/A
	143	Lucky Stores	58,732	49,775	6,441,000	6,225,000	0.9	0.8
	164	Safeway Stores	50,112	47,318	20,311,480	19,650,542	0.2	0.2
	140	Southland Corp.	59,657	53,929	8,619,681	8,622,397	0.7	0.6
	155	Winn-Dixie Stores	52,529	44,861	8,803,899	8,225,244	0.6	0.5
RETAIL: NON-FOOD	121	Cotter & Co.	67,270	71,670	1,734,398	1,702,167	3.9	4.2
	123	Dayton Hudson Corp.	66,951	67,648	9,259,100	8,255,300	0.7	0.8
	173	Fruit of the Loom	46,410	35,940	692,900	N/A	6.7	N/A
	106	Levi Strauss & Associates	76,755	71,343	N/A	N/A	N/A	N/A
	177	Melville Corp.	43,836	35,570	5,262,364	4,774,860	0.8	0.7
	133	VF Corp.	62,209	59,553	1,544,574	1,481,182	4.0	4.0
	107	Wal-Mart Stores	75,529	40,324	11,909,800	8,451,489	0.6	0.5
	167	Wickes Cos.	49,694	49,741	4,230,956	2,537,347	1.2	2.0
	108	F.W. Woolworth Co.	74,083	64,543	3,876,000	3,650,000	1.9	1.8
	157	Zayre Corp.	52,353	33,880	5,350,000	4,030,000	1.0	0.8
SOFT DRINKS	138	Cadbury Schweppes PLC	60,272	71,597	609,100	525,300	9.9	13.6
	149	Royal Crown Cola Cos.	55,565	62,271	397,100	378,400	14.0	16.5
	131	Seven-Up Co.	62,822	32,714	270,000	290,000	23.3	11.2
TELEPHONE	118	Ameritech	68,955	64,991	9,362,100	9,021,100	0.7	0.7
	125	MCI Communications Corp.	66,646	61,363	3,592,000	2,542,000	1.9	2.4
	120	Southwestern Bell Corp.	67,609	70,000	7,902,400	7,925,000	0.9	0.9
	166	US West	50,032	52,346	8,308,000	7,813,000	0.6	0.7
TOILETRIES & COSMETICS	124	Alberto-Culver Co.	66,725	56,863	341,128	280,359	19.6	20.3
	141	Avon Products	59,514	53,402	1,855,400	1,582,200	3.2	3.4
	191	Faberge Incorporated	35,952	35,864	422,800	482,900	8.5	7.4
	126	Estee Lauder Inc.	66,631	62,965	890,000	750,000	7.5	8.4
	134	Mennen Co.	61,802	50,851	300,000	225,000	20.6	22.6
TOYS	152	Coleco Industries	54,830	72,082	471,087	715,576	11.6	10.1
	189	Kenner Parker Toys	36,335	49,499	355,915	234,869	10.2	21.1
	139	Mattel Inc.	59,872	85,077	623,364	765,010	9.6	11.1
WINE, BEER & LIQUOR	198	Canandaigua Wine Co.	31,899	15,936	N/A	N/A	N/A	N/A
	197	Hiram Walker-Gooderham & Worts	32,519	41,226	N/A	1,174,000	N/A	3.5
	176	Van Munching	44,750	93,292	N/A	N/A	N/A	N/A

Source: Sales and earnings figures are from public documents and reflect the latest fiscal year. Advertising expenditures are for calendar years only and are ADVERTISING AGE estimates.
Notes: Dollars are in thousands. See *Where Ad Age got its data*, at right.

Where AA got its data

The national advertisers in this 3rd annual ADVERTISING AGE's Second 100 Leading National Advertisers report are selected on the basis of measured ad spending only.

Unmeasured ad estimates then are applied to the leading 200 advertisers to determine rankings. AD AGE published its directory of the 100 leading national advertisers Sept. 24, 1987. Ad expenditures are for U.S. only and reflect calendar years 1986 and 1985.

BAR/LNA reports supplies the bulk of measured media information. Magazine and newspaper supplements are supplied to Leading National Advertisers by Publishers Information Bureau. Outdoor is supplied to LNA by Outdoor Advertising Assn. of America and Institute of Outdoor Advertisers. Network TV, spot TV, network radio and cable TV networks are supplied by Broadcast Advertisers Reports. BAR/LNA's seven-media service also supplies brand and category spending by media. Seven-media totals quoted in corporate profiles throughout this issue include only media listed in this paragraph.

For the first time, Broadcast Advertisers Reports is monitoring ad expenditures on syndicated TV separately from network TV and spot TV buys. These ads are bought nationally with the show, much like network TV buys. According to BAR, total TV syndication ad spending was $558.6 million in 1986. This spending is not included in measured media in this issue.

Other monitored media include newspapers from Media Records, business publications from Rome Reports, farm publications from AGRICOM and spot radio from Radio Expenditures Reports.

PIB monitors 138 consumer magazines and the three publications it defines as newspaper supplements: *New York Times Sunday Magazine*, *Parade*, and *USA* Weekend. BAR monitors ABC, NBC and CBS TV networks; 345 TV stations in 75 top markets with continuous monitoring in the 16 top markets; CBN, CNN, ESPN, MTV, USA and WTBS cable TV networks continuously, and 17 radio networks including seven ABC networks, two CBS networks, three NBC networks, two United Stations networks and the Mutual, Satellite Music and Transtar radio networks.

O.A.A.A. and I.O.A. measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors 567 business and trade publications. Media Records tracks 210 daily and Sunday newspapers.

Some measured media expenditures are restated to reflect corporate structure as of Dec. 31, 1986. Companies acquired prior to that date are included in the new parent's ad spending for full calendar 1986 and 1985 totals. Units spun off before the end of calendar 1986 are subtracted unless otherwise noted.

Measured-media services vary in the way they track ad spending. Spot radio totals may not include all subsidiaries because RER does not always report full parent company spending. Also, Rome Reports tracks ad spending by division, rather than parent total. Every effort has been made to give full parent company ad expenditures wherever possible.

Unmeasured advertising figures are estimates and include direct mail, promotion, co-op and couponing to name a few. AD AGE beat reporters and corporate sources assist in providing this total.

Sales and earnings figures are taken from public documents. Where private companies will not divulge this information, an estimate or an "N/A" is used. Conversion rates are stated in the profiles.

In the boxes accompanying each profile, sales credited to U.K.-based companies is their turnover and net income their trading profit attributable to ordinary shareholders. For credit card companies, sales are their total annual volume. These numbers are picked up on the ad-to-sales chart on Page S-4.

—Kevin Brown

Ad spending soars 19.9%

Alberto-Culver Co.

RANK **124**

Melrose Park, Ill.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	435	363	19.8
Net income	13	9	49.5
U.S.	**1986**	**1985**	**% chg**
Sales	341	280	21.7
Operating profits	34	28	23.5
Advertising	67	57	17.3
Division sales	**1986**	**1985**	**% chg**
Mass market	214	202	6.2
Institutional	84	84	1.1
Other products	141	81	74.7

Alberto-Culver Co., riding the crest of a more aggressive marketing posture, continues to use nimble line extensions to increase its presence in the highly competitive haircare and grocery business.

Alberto and its conservative CEO, Leonard Lavin, continue to proceed with new entries cautiously—using line extension as a means of bolstering new product output with a reduced risk factor.

Throughout 1986 and into 1987 the firm successfully built on its best-known brand names, specifically Alberto and VO5, to build volume.

In February Alberto-Culver went to market with a full line of Alberto-brand hair sculpting items, which included a European sculpting spray, fixing gel and gelee.

Its forays into those line extensions have been fruitful. Alberto Mousse, for instance, remains the top seller in its category, with an estimated 13% of dollar volume. The mousse styling foam maintained its dominance even though measured ad spending fell about 45% to $3.3 million during 1986.

"We have a lot of room to build on our brand names with new products," says P. Douglas McAuley, Alberto-Culver's corporate vp for consumer products. "You will continue to see a string of new introductions."

One of those intros just broke this fall with the launch of Bold Hold, a three-item hairstyling line, supported by a $5 million campaign in print and TV by BBDO Worldwide.

In its household/grocery products group, Alberto-Culver added two new items to the Mrs. Dash salt-free seasoning line: Extra spicy and lemon-and-herb varieties. Measured ad spending for the brand in 1986 jumped to nearly $3.6 million, from just $1.6 million in 1985, according to BAR/LNA.

Static Guard anti-static aerosol spray lent its name to a powdered carpet and room deodorizer. The new product did well in introductory phases, but sales began to drop off shortly after the product achieved broader circulation. The company says sales are rebounding with the help of a lower price tag and a better mix of promotions and advertising.

Alberto-Culver did not totally shy away from building new brands. Last year the firm went to market with a premium shampoo and conditioner line called Natural Silk, considered a moderate success. In mid-1987 the company announced the national introduction of Molly McButter low-calorie, low-cholesterol butter substitute. McButter walked directly into a legal dispute with McDonald's Corp., which claims trademark rights to generic food products with the prefix "Mc."

Perhaps Alberto's biggest disappointment of the year was its unsuccessful bid for haircare competitor Lamaur Inc., a Minneapolis-based company that markets Perma Soft and Textra. Lamaur ultimately accepted a substantially higher $173.8 million bid from Dow Chemical Co.

In 1986 Alberto undertook a major realignment of its ad agencies. In reaction to the merger between Bozell & Jacobs and Kenyon & Eckhardt, it shifted about $20 million in billings from B&J, Chicago, to Grey Chicago. And late in the year the company shifted many of its household products—with billings estimated at $10 million—to BBDO Chicago.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	11	232
Magazines	3,773	3,503
Newsp. supps	0	28
Bus. pubs	119	41
Network TV	16,974	13,604
Spot TV	3,258	3,452
Spot radio	248	218
Outdoor	17	2
Network cable	1,256	783
Total measured	25,655	21,863
Unmeasured	41,070	35,000
Total	66,725	56,863

ALBERTO-CULVER CO.
2525 Armitage Ave.
Melrose Park, Ill. 60160
(312) 450-3000

Corporate Personnel

P. Douglas McAuley, corp vp, U.S. consumer prods

Marketing Personnel

Ralph Sutherland, vp, domestic toiletries
David Trocker, group prod mgr, domestic toiletries
Thomas J. Guinan, vp, household/grocery prods
Robert London, mktg dir-household/grocery prods
Henry Witteman, vp, adv svcs

Advertising Agencies

Grey Advertising, Chicago—Alberto VO5 hot oil treatment, Alberto VO5 conditioning hair dressing, Alberto VO5 hair spray, Alberto European styling mousse and Gelee styling aids, Alberto VO5 shampoo, Consort hair spray, Consort men's mousse, Tresemme women's hair care prods—Steve Gross, exec vp-acct super.

BBDO Chicago—Baker's Joy, FDS feminine deodorant spray, Molly McButter, Static Guard, SugarTwin—Robert Pingrey, sr vp-mgmt super.

The Second 100 leading national advertisers in 1986 spent $5.5 billion in total U.S. advertising, up 19.9% from 1985. This compares with a 3.4% growth to $27.2 billion for the nation's top 100 advertisers as defined by Ad Age. Of the Second 100 total, $3.36 billion was spent in 11 measured media, up 11.7%.

American Stores

RANK **127**

Salt Lake City

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	14,021	13,890	1.0
Net income	145	154	(6.4)
U.S.	**1987**	**1986**	**% chg**
Sales	N/A	N/A	N/A
Operating profits	N/A	N/A	N/A
Advertising	66	68	(2.8)

American Stores Co. in the past year decentralized its retail operations to allow greater control at the local level and implemented a poison pill plan involving its stock to ward off unfriendly takeover attempts.

Decentralization brought about the creation of three regional companies. The largest, American Superstores, had sales of $6.5 billion in fiscal 1987 ended Jan. 31, 1987. Jonathan L. Scott became vice chairman-ceo of the group, which operates 558 retail food units in 13 eastern and midwestern states under the Acme Markets, Jewel Food Stores and Star Markets names. Mr. Scott is former vice-chairman-ceo of Albertson's Inc.

Alpha Beta Stores, changed from Skaggs Cos. this summer, had sales of $4.6 billion in the fiscal year. The group operates 399 retail food stores under the Alpha Beta and Skaggs Alpha Beta banners. Of the total number of stores, which are located in 14 western states, 157 are combination food and drug stores.

America's third and final group is Osco Drug, which had sales of $2.9 billion. Three separate drug chains—Sav-on Drug, Skaggs Drugs and Osco Drug—were combined to form the group, which has 666 units in 30 states coast-to-coast. Units will now bear the Sav-on/Osco name.

A shareholder rights distribution plan in which stock could be redeemed by the company at a set price was passed as a poison pill to repel corporate raiders who Chairman L.S. Skaggs says often use "abusive and unfair tactics." The Skaggs family controls more than 20% of the stock.

The company's advertising division also underwent decentralization, which put about $30 million in broadcast ad accounts up for review in August 1986. In November, Skaggs Alpha Beta division awarded its $6 million account to Bloom Agency, Dallas. The following month, incumbent Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles, was renewed for Alpha Beta division's $14 million broadcast account. In December, Grey Advertising, Chicago, garnered the $7 million Jewel Food Stores account. This added to the $6 million Osco Drug chain account the agency was awarded in November.

Total measured ad spending for American Stores in 1986 was $32.2 million, a 1% decrease from 1985. The company reports $160.4 million in advertising expenses in fiscal 1987, up 8% over 1986. Much of this is in local newspaper advertising, a medium not monitored in this issue.

In 1986, $7.2 million of measured advertising went to Alpha Beta Supermarkets, down 9.7%; $6.1 million went to Jewel Food Stores, a 3.3% decrease; Star Markets dropped 30.8% to $1.3 million; Acme Food Stores went to $4.4 million, down 18.2%; and the newly-formed Sav-on/Osco drug stores received $1.2 million.

Capital spending following the year of decentralization and expansion was $195 million. Expansion will continue through this year, with capital spending expected to reach $400 million by fiscal year end. The company plans to open 16 super drug stores, 13 combination food and drug stores and five food stores. Also by the end of 1987, American Stores plans to have remodeled more than 120 food stores and 17 drug stores. Seven super drug stores are scheduled to close.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Network TV	0	17
Spot TV	26,333	27,254
Spot radio	5,719	5,586
Outdoor	180	311
Total measured	32,232	33,168
Unmeasured	34,012	35,000
Total	66,244	68,168

AMERICAN STORES CO.
P.O. Box 27447
Salt Lake City, Utah 84127
(801) 539-0112

Corporate Personnel

L.S. Skaggs, chmn & president

AMERICAN SUPERSTORES

Marketing Personnel

Alan Stewart, president

ACME MARKETS
Philadelphia, Pa.

Marketing Personnel

Robert Neslund, president
Neill Crowley, sr vp-mktg

Advertising Agency

J. Walter Thompson, New York—Paul Krause, acct super.

JEWEL FOOD STORES
Melrose Park, Ill.

Marketing Personnel

Joseph Bugos, president
William Bolton, vp-grocery & bakery mktg
Robert Lutz, adv mgr

Advertising Agency

Grey Advertising, Chicago—Bob Cappelli, exec vp; Brad Beechen, mgmt super; Valerie Sanders, sr acct exec; Ann Morton, acct exec.

STAR MARKETS
Cambridge, Mass.

Marketing Personnel

Henry Nasella, president
William Paul, vp-sales & mktg
Judy Manning, adv mgr

Advertising Agency

Rossin, Greenberg, Seronick & Hill, Boston—Jim Rowean, vp-acct svcs; Karen Claunch, acct exec.

OSCO DRUG
Oakbrook, Ill.

Marketing Personnel

Richard George, president
Ron Grove, vp-mktg
Robert Braden, vp-adv

Advertising Agency

Grey Advertising, Chicago—Ed Holzer, chmn-ceo; Cathy Bergsman, acct exec.

ALPHA BETA STORES

Marketing Personnel

Dennis Eck, president

ALPHA BETA COS.
La Habra, Calif.

Marketing Personnel

Donald Kohler, president
William Wade, sr vp-mktg
Terry Burnside, dir-mktg, No. Calif.
Don Bates, vp-merch

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Los Angeles—Dick Hamblin, president; Cindy Stalling, vp.

SKAGGS ALPHA BETA
Salt Lake City, Utah

Marketing Personnel

Al Kara, president, So. region
Ed Agnew, president, No. region
Warren Ivie, vp-adv

Advertising Agency

Bloom Agency, Dallas—Paul MacMahon, chmn-mgmt rep; Sherry Babcock, sr vp-mgmt super; Betty Tapella, vp-acct super; Michelle Pitcher, acct exec.

Ameritech

RANK **118**

Chicago

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	9,362	9,021	3.8
Net income	1,138	1,077	5.6
U.S. advertising	69	65	6.1
Division sales	**1986**	**1985**	**% chg**
Interstate access	1,881	1,792	5.0
Intrastate access	606	628	(3.5)
Toll service	1,098	1,064	3.2
Directory & other	1,249	1,142	9.4

Ameritech, the official telecommunications sponsor of the 1987 Pan American Games, used the event to send a signal to its business customers: It can handle any job, no matter how challenging.

As part of its sponsorship of the summer event, the Chicago-based Bell operating company handled all communications services for the event's organizing committee. Promoting its involvement in the Pan Am Games remained the thrust of Ameritech's advertising and marketing efforts during 1987.

An explosion of TV, radio and print

Guide to corporate boxes

Planetary Paper Products PLC

RANK **150**

London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	10,000	7,000	43.0
Earnings	1,000	700	43.0
U.S.	**1986**	**1985**	**% chg**
Sales	10,000	7,000	43.0
Operating profits	1,000	700	43.0
Advertising	100	70	43.0
Division sales	**1986**	**1985**	**% chg**
Heavy stock	5,000	3,500	43.0
Feminine hygiene	1,000	700	43.0
Picnic supplies	1,000	700	43.0
Newsprint	1,000	700	43.0
Office supplies	1,000	700	43.0
Other	1,000	700	43.0

Fictitious Planetary Paper Products PLC is ranked 150th among Leading National Advertisers picked by Ad Age in this issue and based on total U.S. ad spending in 1986, which is reported in this box under Worldwide or U.S. bold headings.

Planetary Paper Products PLC is based in London. The pound to dollar exchange rate is in the profile.

PPP reports on a calendar basis like most of the second 100. However, should a company report on a fiscal basis, the years heading column would read 1987 and 1986, if the fiscal closing occurs before this issue was published.

The advertising figure is a composite of PPP's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where Ad Age got its data" on Page S-4 for an explanation of the tabular breakout.

Division sales are the business segments as defined by PPP and their sales for comparable years. However, should PPP have too many divisions to fit into the box, the editors combined those segments into "other." In this case, PPP segments for its cigarette rolling papers and gift wrap division—both providing minor contributions to its strong household and industrial paper products divisions—were merged into "other."

ads broke this June, two months prior to the start of the games held in Indianapolis. The ads used a patriotic theme, punctuated with dramatic shots of athletes. They pointed to Ameritech as a key behind-the-scenes player, indicating that Ameritech is prepared to meet all needs of customers.

Ameritech provides phone service to 11 million customers in Illinois, Indiana, Michigan, Ohio and Wisconsin. The market has been flat in 1987, with $865.9 million in earnings for the first three quarters of 1987, up 0.6% from the same period in 1986, and revenues of $7.09 billion, up 1.7%.

Ameritech Mobile Communications may be heading for a tougher ride in Chicago, its biggest market. In September, Southwestern Bell became the most powerful cellular telephone company when it secured federal approval of its $1.4 billion buyout of Metromedia Co.'s Cellular One mobile phone service.

Cellular One is Ameritech's sole competitor in the Chicago cellular market and stands to be a tougher competitor than Metromedia, which operated the system on a lame-duck basis for 15 months while it received regulatory approval for the sale.

The fluidity of the phone service industry was illustrated by Ameritech this year when it introduced a time and distance rate plan in Chicago. The move means that local calls are billed using the same criteria as long distance calls.

While analysts say the rate change in Chicago—Ameritech's largest market—caused initial confusion and a slight drop in revenues, service charges have since rebounded strongly.

Illinois Bell, Ameritech's biggest-spending telephone company, dialed up lower ad spending in 1986. Its omnipresent "Just Call" and "Call First" campaigns racked up measured spending of $2.6 million in 1986, versus $3.4 million in 1985.

Spending by Ameritech Publishing, though, more than picked up the slack. In an effort to push its "official" Yellow Pages directory in the wake of competition from upstarts, Ameritech Publishing spent $6.1 million on a promotional campaign. That's almost double what the unit spent last year promoting the Yellow Pages.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,532	10,829
Magazines	4,346	3,198
Bus. pubs	412	368
Spot TV	13,672	11,000
Spot radio	3,620	3,259
Outdoor	1,179	337
Total measured	30,759	28,991
Unmeasured	38,196	36,000
Total	68,955	64,991

AMERITECH
30 S. Wacker Drive
Chicago, Ill. 60606
(312) 750-5000

Marketing Personnel

Gary G. Drook, vp-mktg
John A. Koten, sr vp-corp comm

Advertising Agency

J. Walter Thompson, Chicago—corp adv—John Furr, sr vp-dir acct mgmt; Charles Larson, vp-acct mgr; Janice Kidwell, vp-acct super.

ILLINOIS BELL TELEPHONE CO.
Chicago

Marketing Personnel

Allen J. Cizner, vp-mktg
Raymond G. Lewis, dir-adv

Advertising Agency

N W Ayer, Chicago—Tim Crosh, mgmt super; Sarah Flax, acct super.

INDIANA BELL TELEPHONE CO.

Marketing Personnel

Herbert D. Crane, vp-mktg
James H. Irwin, dist mgr-adv

Advertising Agency

Handley & Miller, Indianapolis—Larry Landis, acct super.

MICHIGAN BELL TELEPHONE CO.

Marketing Personnel

Kenneth B. Lange, vp-mktg
Dennis A. White, div mgr-adv

Advertising Agency

Ross Roy Inc., Detroit—Richard Simmons, sr vp-group mgr; George Petroff, vp-acct super.

OHIO BELL TELEPHONE CO.

Marketing Personnel

Robert Hudzik, vp-mktg
John P. Butler, div mgr-adv & planning

Advertising Agency

Lowe-Marschalk, Cleveland—John Willse, sr vp-mgmt svcs dir; Leslie Valdizzi, vp-mgmt super.

WISCONSIN BELL TELEPHONE CO.
Milwaukee, Wis.

Marketing Personnel

Glen Arnold, vp-mktg & sales operations
Carla M. Butenhoff, district mgr-adv

Advertising Agency

Cramer Krasselt, Milwaukee—Bill Faude, sr acct exec; Karen Elsesser, acct exec.

AMERITECH MOBILE COMMUNICATIONS
Chicago

Marketing Personnel

Phillip D. Knell, vp-sales & mktg
Katherine R. Boudas, vp-comm
Ronald Jankowski, mgr-comm svcs

Advertising Agency

Ogilvy & Mather, Chicago—Curt Ippensen, sr vp-mgmt rep; Bob Gustafson, vp-acct super.

AMERITECH PUBLISHING
Troy, Mich

Marketing Personnel

Charles Drouillard, vp-mktg & sales
Sam J. Iaquinta, district mgr-adv & branding

Advertising Agency

Ross Roy Inc., Detroit—James Quigley, sr vp-mgmt super; Susan Parent, acct super.

APPLIED DATA RESEARCH
Princeton, N.J.

Marketing Personnel

Stephen J. Gerrard, vp-prod mktg
Robert G. Gordon, dir-comm

Advertising Agency

Ephron, Raboy, Tsao Advertising, New York—Dick King, acct exec.

RANK
182
Amoco Corp.
Chicago

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	20,231	28,873	(29.9)
Net income	747	1,953	(61.8)
U.S.	**1986**	**1985**	**% chg**
Sales	16,243	23,131	(29.8)
Operating profits	484	1,168	(58.6)
Advertising	43	30	40.9
Division sales	**1986**	**1985**	**% chg**
Exploration	6,285	10,191	(38.3)
Refining	14,771	21,926	(32.6)
Chemicals	3,059	3,082	(0.7)
Other	140	339	(58.7)

Amoco Corp., the nation's fifth-largest operator of gasoline stations, in 1986 became the first major U.S. gas supplier to discontinue leaded gasolines from its product lineup.

And most of its marketing efforts during the past 18 months have centered around the introduction of two new products—its first new gasolines in about a decade.

During the second quarter of 1986 the firm unveiled Amoco Ultimate Premium Lead Free, a high-octane product that supplanted its leaded high-test. At year end, the $20 billion oil giant added Amoco Silver, a mid-grade gasoline that rounded out its pump offerings.

Along with its regular unleaded, the Amoco array of retail products was promoted in ads as the "Lead-Free Three."

The expansion of pump options and the conversion to an all lead-free assortment led Amoco to increase its measured advertising expenditures for gasoline during 1986 by 65% to $14.5 million.By February of this year, Amoco broke a separate campaign to back up its launch of Amoco Silver. Actor Clayton Moore, better known as TV and screen's Lone Ranger, surfaced as the celebrity spokesman. Four radio and two black-and-white TV ads feature Mr. Moore hailing, "Heigh-ho, Silver, away."

Amoco in 1986 captured an estimated 7.4% of the nation's gas station business on a volume basis, placing it No. 5 among gas retailers but less than two percentage points behind the country's No. 1 gas purveyor, Shell, which boasts an 8.7% share. Chevron is No. 2 at 8.4%, Texaco No. 3 at 8%, Exxon No. 4 at 7.5%, according to *National Petroleum News*.

But Amoco contends that in its 29-state marketing area, where it operates a total of 12,000 gas stations, it boasts a 13.3% share. That marketing area, though, shrunk in 1986 as Amoco withdrew sales operations from Massachusetts, Rhode Island, Louisiana, Texas and parts of Connecticut because of "low profitability and low volume."

Advertising for motor oil, Amoco's other major consumer product, stalled in 1986. Spending for the line of natural and synthetic motor lubes totaled $1 million, about the same as in 1985.

Marketing efforts, however, seem to be gearing up in 1987 as Amoco cements its endorsement pact with the Newman/Haas Racing team and its star member, Mario Andretti. The race car superstar appears in TV ads for Amoco Ultimate Synthetic Oil and outfits his auto with the Amoco torch and oval logo.

Amoco moved to build its presence in Canada with a $3.87 billion bid for Canada's financially troubled Dome Petroleum Ltd.

The buyout, which would be the largest takeover ever in Canada, has been stalled by wrangling with government regulators and Dome lenders. The acquisition would make Amoco Canada's second-largest oil company.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,740	1,433
Magazines	3,027	2,494
Newsp. supps	0	253
Bus. pubs	1,864	1,684
Spot TV	13,917	9,024
Spot radio	6,980	4,725
Outdoor	1,181	1,249
Network cable	106	0
Total measured	28,814	20,862
Unmeasured	14,100	9,600
Total	42,914	30,462

AMOCO CORP.
200 E. Randolph Dr.
Chicago, Ill, 60601
(312) 856-6111
AMOCO OIL CO.

Marketing Personnel

Robert J. Rauscher, vp-mktg
Robert D. McKeehan, genl mgr-mktg
John C. Bergman, mktg vp, East
R.D. McMullen, mktg vp, West
J.A. Stitzell, dir-adv

Advertising Agency

D'Arcy Masius Benton & Bowles, Chicago—Amoco Silver, Amoco Ultimate, Amoco Lead Free, Amoco Motor Oils, Certicare—John Breen, mgmt super; Rick Grant, acct group super; Bob Brinkley, acct super; John Colasanti, sr acct exec; Nancy Lyons, acct exec.

RANK
147
Apple Computer
Cupertino, Calif.

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	2,660	1,901	40.0
Net income	217	154	41.0
U.S. advertising	58	84	(31.3)

Buoyed by 17% industry growth and an onslaught of new products, Apple Computer's sales climbed 40% in fiscal 1987. But analysts projected that the company's unit share of the U.S. personal-computer market would fall to 10% by the close of 1987, down from 13% in 1986.

Apple still was expected to maintain its second-place status behind leader IBM Corp. and ahead of Tandy Corp.

Total ad spending fell dramatically in 1986 for the second year in a row. From a high of $134 million in 1984, spending dropped to $57.4 million in 1986. Agency sources estimated that IBM outspent Apple by a ratio of 5-to-1.

The new products Apple introduced in 1986 and 1987 helped strengthen its leading position in the educational market and furthered its inroads into the corporate segment.

In the fiscal year ended Sept. 26, 1986, growing acceptance of higher-end Macintosh computers in the corporate market gave the company a lift. Overall, sales were off 0.9% from 1985 as Mac gains were offset by reduced sales of lower-end Apple IIs.

However, net income shot up 151%, and gross margin improved from 42% of sales in 1985 to 53% in 1986. Cost-cutting maneuvers of President-CEO John Sculley were a boon to profits.

In 1987, the Apple II line has come back strong, led by the October 1986 introduction of the Apple IIGS, featuring enhanced speed and snazzy color graphics. Initial orders of the IIGS were larger than anticipated, causing shipping delays that took a bite out of potential Christmas sales.

Nearly double the price of the Apple IIc, the company's lowest-priced model, the IIGS became the best-selling member of the line in February, helping to fight aggressive competition launched by IBM and Tandy in the kindergarten-through-high school arena.

Introduction of the Macintosh SE and the Macintosh II, which features color graphics and sound for the first time, helped bolster the corporate market's growing acceptance of Apple. In a strategic departure, both the new models offered access to programs used by IBM systems, such as Lotus 1-2-3.

The new Macs also enhanced the company's position in the rapidly growing desktop-publishing market.

Early in 1987, Apple finally made good on a promise to offer "desktop communication," or the sharing of documents and data with other systems. Five new products enabling "connectivity" were introduced.

Ad spending on network TV continued to decline in 1986, following a trend begun the previous year toward more radio and direct mail. Network got only $10.3 million in 1986, down 60%. Apple was off-screen for a year, returning dramatically on NBC's World Series coverage in October 1986 with the first of 11 commercials developed by BBDO Worldwide at a cost of $6 million.

TV spots changed radically, gaining an emotional soft-sell touch under BBDO, which wrested the account from Chiat/Day, Los Angeles, in May 1985.

In a precedent-setting campaign for the computer industry, Apple mailed nearly a million pop-up brochures in April 1987 promoting the Apple IIGS. The expense of the pop-ups, which cost 30% to 40% more than standard mailshots to produce, drove the cost of the mailing to nearly $1 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,070	8,139
Magazines	6,680	11,916
Newsp. supps	101	246
Bus. pubs	373	1,557
Network TV	10,313	25,863
Spot TV	3,202	356
Network radio	292	254
Spot radio	7,457	5,170
Outdoor	37	69
Network cable	468	289
Total measured	36,991	53,859
Unmeasured	20,605	30,000
Total	57,596	83,859

APPLE COMPUTER
20525 Mariani Ave.
Cupertino, Calif. 95014
(408) 996-1010

Marketing Personnel

Charles Boesenberg, sr vp, group exec-U.S. sales & mktg
Charles Berger, vp-mktg devel
Bruce S. Mowery, dir-mktg comm
Sharon Lack, mgr-adv
George Everhart, dir-business mktg
Lloyd Mahaffey, dir-educational mktg

Advertising Agencies

BBDO Worldwide, New York & Los Angeles—Robert Spofford, sr vp-group mgmt super, Paris; Martha Pease, vp-mgmt super, Los Angeles; Michael Baldwin, Debra Nieman, acct supers.

RANK
141
Avon Products
New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,883	2,470	16.7
Net income	159	(60)	364.9
U.S.	**1986**	**1985**	**% chg**
Sales	1,855	1,582	17.3
Operating profits	206	155	32.7
Advertising	60	53	11.4
Division sales	**1986**	**1985**	**% chg**
Cosmetics	1,924	1,728	11.3
Fashion jewelry	310	276	12.4
Health care	432	261	65.4
Direct response	216	205	5.4
Other	1	N/A	N/A

Avon Products continues to build its presence in the retail beauty business—which it entered in 1986 through partnership with Liz Claiborne to market Claiborne fragrance and the introduction of Deneuve fragrance to retail stores—by adding Giorgio and Parfums Stern in 1987.

But the company did not forsake its direct selling operations. Its introduction of Breathless this fall may be its biggest-ever perfume launch, and it is planning a major launch of an extensive makeup line, Avon Color, in 1988.

The company, which in 1986 reported a 17% growth in worldwide sales and $159 million in net income over a loss the previous year, continued to show strength during the first nine months of 1987 with worldwide sales of $2.3 billion, up 14%. Net earnings fell to $86.6 million, down 2% from the corresponding period in 1986, but operating profit rose 12% to $212.5 million.

The company increased measured ad spending 11% in 1986 to $28.3 million. Part of the increase came with the rollout of Deneuve fragrance, backed by $2.3 million, and Fifth Avenue fragrance, backed by $2.7 million. Spending on Avon's multiproduct advertising also rose markedly, BAR/LNA reports.

According to a company spokesman, measured spending should reach $30 million by the end of 1987, partly because of Breathless and Giorgio advertising. For the January to June 1987 period reported by BAR/LNA, Giorgio spending was $1.3 million.

In October Avon announced that it would consolidate its color lines under one name--Avon Color—to streamline operations. The launch of Avon Color in January 1988 through N W Ayer will bring another $5 million-plus in ad spending through TV spots and print ads during the first quarter alone. According to the company, color cosmetics should glean most of the advertising budget in 1988. Avon Color will only be sold through the company's sales reps.

In September Avon announced it would acquire Parfums Stern, New York, for $160 million. The company markets Oscar de la Renta, Perry Ellis and Valentino fragrances. Stern has an in-house agency, and, according to Leon Seaman, VP-advertising, ad spending and plans for Stern are undecided.

Avon also bought Giorgio Inc., Beverly Hills, in May 1987 for $165 million. Giorgio is the single best-selling fragrance in U.S. department stores, with annual revenue of $100 million-plus. While most believe the U.S. market for Giorgio has leveled off, Avon hopes it will be successful overseas. The fragrance will not be sold by catalog. Avon also plans to introduce a suncare line under the Giorgio name.

In July 1987 Avon offered Eli Lilly & Co. $550 million for its Elizabeth Arden subsidiary, a company that would have fit its retail strategy, but the bid was surpassed by Faberge Inc., which paid $700 million for Arden.

In keeping with its strategy to concentrate more on its beauty products, Avon sold Great American Magazines, a direct-mail subscription subsidiary, to its management for $10 million-plus in January 1987. It also announced the planned $151.2-million management buyout of its direct response division, which markets catalog fashions, including Avon Fashions, Brights Creek children's wear and James River Traders casual wear. Completion is expected this month.

The beauty products division, which includes color cosmetics, fragrance, jewelry and gift/decorative items, had worldwide sales in 1986 of $2.23 billion, an 11% increase over 1985. Operating profit was $281.8 million, a 20% increase over the year previous. Its domestic sales increased 8% to $1.2 billion, with operating profit increasing 36% to $129.6 million.

The number of sales representatives has remained at 375,000, and the direct selling divisions began training and marketing programs to back representatives and provide prospects. Avon planned a workplace program for 1987, as workplace selling accounted for 20% of the division's sales in 1986.

Avon continues to use Ayer's campaign developed last year, "Look how good you look now," and it has been adapted to Spanish language in a series of TV spots which aired on Spanish-language TV this October.

In 1986, Avon began selling in retail stores Deneuve fragrance, part of its Parfums Phenix division formed to market the perfume named for actress Catherine Deneuve. It previously was available only by telephone or mail order. According to BAR/LNA, in 1986 Avon spent $2.4 million advertising Deneuve, mostly in magazines.

In January, Avon assigned the Parfums Phenix division to Boulet Dru Dupuy Petit Conseil, Paris. The agency handles all U.S. and international print, radio and TV advertising for Deneuve fragrance. Della Femina, Travisano & Partners, New York, handles U.S. media buying.

In June 1986 Avon embarked on a

joint venture with Liz Claiborne's fragrances. The venture is a shared partnership in which Claiborne handles the marketing and advertising while Avon handles development, design and manufacturing.

Avon in November 1986 assigned its minority direct-selling beauty business advertising to UniWorld Group, a category that represents billings of $3 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	182	45
Magazines	7,712	6,529
Newsp. supps.	246	105
Bus. pubs.	131	0
Network TV	19,265	18,680
Spot TV	9	38
Network radio	713	0
Spot radio	50	0
Outdoor	0	5
Total measured	28,309	25,402
Unmeasured	31,205	28,000
Total	59,514	53,402

AVON PRODUCTS
9 West 57th St.
New York, N.Y. 10019
(212) 546-6015

Marketing Personnel

Philip C. Crosland, group vp-mktg
Kenneth Wolfe, vp-gifts
Mary Lou Quinlan, director-adv
Kathy Dwyer, group dir-skincare
Donna Krueger, group dir-fragrance
Carol Murray, group dir-makeup
Madeline Accardi, group dir-jewelry

Advertising Agencies

N W Ayer, New York-corp adv-Rich LeFurgy, mgt super; Victoria Squires, acct super.

UniWorld Group, New York-black/hispanic advertising-Miriam Muley, acct super; Glenda Alavarez, acct exec.

RANK **179**

Bally Manufacturing

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,600	N/A	N/A
Net income	23	N/A	N/A
U.S. advertising	43	40	8.0

Bally Manufacturing Corp., which began in 1931 with the introduction of Ballyhoo, the first penny-a-play mechanical amusement game, concentrated for years on game-based entertainment. That focus was highly profitable in the late '70s and early '80s, when Bally's video arcades prospered from the videogame craze.

When the craze began to wane, the company broadened its scope by acquiring theme parks. The first acquisition was Six Flags, bought from Penn Central Corp. for $147.4 million in January 1982. Bally followed that up in May 1984, buying the Great America theme park in Gurnee, Ill., from Marriott Corp. for $113.2 million.

The Six Flags unit generated a good cash flow for Bally. In 1986, its pretax operating profits rose 32% to $48.6 million, and revenues rose 4% to $369.4 million. But the parks required large investments, especially for costly new rides. Advertising for the parks—each of which used a separate agency—was budgeted at $17.7 million for 1986. BAR/LNA figures show that $9.9 million of that was spent in measured media, mostly in spot TV.

Despite the cash flow advantages, Bally was carrying some $240 million in Six Flags debt on its balance sheet. So the company announced in April that it was selling the chain to Wesray Capital Corp., a Morristown, N.J.-based investment concern, for $600 million, which Bally Chairman/CEO Robert Mullane said would result in an aftertax profit of about $100 million for his company.

A company spokesman says Bally sold the unit to refocus its efforts on gaming. "Basically, we were the biggest leisure time company in the nation," he says. "We restructured a little bit, retargeted toward being a gaming company. Six Flags was just a little out of synch with that goal.

The Six Flags sale boosted Bally's lagging stock price, driven up even further later in the summer by rumors that the company was ripe for a takeover.

Other rumors circulated that Mr. Mullane was planning to take the company private. That speculation was fueled by Bally's hiring of Salomon Brothers to sell its health and tennis division. Bally in March had announced a plan to take the health division public, but the partial spinoff plan was scrapped before the stock offering was made. Some observers believe Bally hired Salomon because the investment banker was willing to help finance a leveraged buyout. Mr. Mullane has refused to comment on the rumors.

To underscore its focus on gaming, in March Bally paid $440 million for the Golden Nugget Casino Hotel in Atlantic City, N.J. Bally formally re-introduced its acquisition as Bally's Grand in October of this year. A spokesman says all of the Casino Group's advertising is done in-house. Measured media for the group in 1986 was $930,000.

Bally also boosted its emphasis on games, especially new pinball games. "We just keep bringing new ones out on the market all the time," a spokesman says. The latest pinball entry is called "Party Animal."

Also, Bally Midway Manufacturing Corp. joined Flixcorp, a Chicago-based company, in producing Mr. Flix, a videocassette vending machine. The computer-driven device introduced this September can rent or sell videotapes, either for cash or by credit card.

The Mr. Flix kiosks, which can hold up to 384 videotapes, are slated for delivery in the spring of 1988.

Bally Midway is part of the company's Amusement Games & Services Group, which also operates Aladdin's Castle entertainment centers. The group operates more than 300 arcades, making Bally the nation's largest operator in the category.

Bally's Gaming Equipment & Services Group, maker of the world's broadest line

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Special thanks to the San Francisco Ballet and [illegible]

of reel spinning and video slot machines, also includes Bally Scientific Games, Inc., based in Atlanta. Bally Scientific is the largest designer, producer and marketer of lottery games in this country, and has done business with 24 of the 25 states that currently have lotteries. Bally has handled the startup of every state lottery in the past 11 years, the spokesman says.

The company's Health and Fitness Group includes Bally Health and Tennis Corp., the largest organization of its kind, comprised of more than 300 health clubs with more than 1.5 million members.

The health clubs boast Bally's highest consumer visibility, thanks to a series of TV commercials via J. Walter Thompson, Los Angeles. Bally spent $11.3 million on its various health clubs in 1986, up from $4.5 million in 1985, according to BAR/LNA, which credits virtually all the spending to spot TV.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	70	77
Magazines	1,804	362
Newsp. supps.	92	2
Bus. pubs.	479	70
Spot TV	21,701	21,779
Outdoor	364	808
Network cable	8	159
Total measured	24,468	23,257
Unmeasured	19,000	17,000
Total	43,468	40,257

BALLY MANUFACTURING CORP.
8700 W. Bryn Mawr Ave.
Chicago, IL 60631
(312) 399-1300

Corporate Personnel

Robert E. Mullane, chmn & president-ceo

Advertising Agency

BBDO Worldwide, Chicago—Robert Pingrey, mgmt super.

HEALTH AND FITNESS GROUP

Marketing Personnel

Arthur Quinby, vp-mktg

Advertising Agency

J. Walter Thompson USA, Los Angeles—Mike Marsak, vp-client services; Jeanine Perkel, vp-mgmt super; Paula Dinari, vp-acct super.

AMUSEMENT GAMES & SERVICES GROUP

Marketing Personnel

Steven Blattspieler, vp-mktg

GAMES EQUIPMENT & SERVICES GROUP

Marketing Personnel

Robert Harpling, vp-mktg & sales

CASINO DIVISION

Marketing Personnel

Charles Tannenbaum, sr vp-mtkg

Advertising Agency

(In-house).

RANK

BankAmerica Corp. 190

San Francisco

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
Net income	(518)	(337)	53.7
U.S. advertising	36	26	38.0

Although BankAmerica Corp. continued to show red ink on its 1986 bottom line, the bank holding company boosted its advertising 38%.

Paced by spot TV spending that expanded from $4.6 million in 1985 to $11 million in 1986, overall advertising grew to $36 million. Of the total, unmeasured spending, mostly from direct mail campaigns, was $10 million in 1986.

Despite the year-end loss, a major corporate restructuring plan netted the company a profit in the fourth quarter, and it projects operating profitability for 1987. The restructuring—designed to increase its share of retail and commercial banking on the West Coast and to advance on the world market for financial services—resulted in the sale of significant assets in 1986.

The company sold Banca d'America, the BankAmerica Los Angeles headquarters, and real estate holdings in Tokyo for a total pretax gain of $371 million. It also divested various overseas retail operations. In 1987, BankAmerica dumped Charles Schwab Corp., a discount brokerage, for a pretax gain of $123 million. Other divestitutes are planned.

Behind the strategic planning is a new top management team headed by A.W. Clausen, who was named chairman-ceo. Thomas A. Cooper became president, and Frank N. Newman, vice chairman-cfo.

On the West Coast, where Bank of America is by far the largest bank (one of three California households has some relation with the bank), it rolled out a new campaign in September 1987 created by Grey Advertising with the theme line "Doing the job for more of California than any other bank." Prior to this campaign the firm ran for 18 months the "We want the job" spots created by Allen & Dorward (now part of Mojo MDA).

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,050	4,233
Newsp. supps.	274	144
Bus. pubs.	55	197
Network TV	1,113	897
Spot TV	11,502	4,617
Network radio	729	1,316
Spot radio	5,752	4,511
Outdoor	1,128	403
Network cable	3,238	2,500
Total measured	25,840	18,817
Unmeasured	10,200	7,300
Total	36,040	26,117

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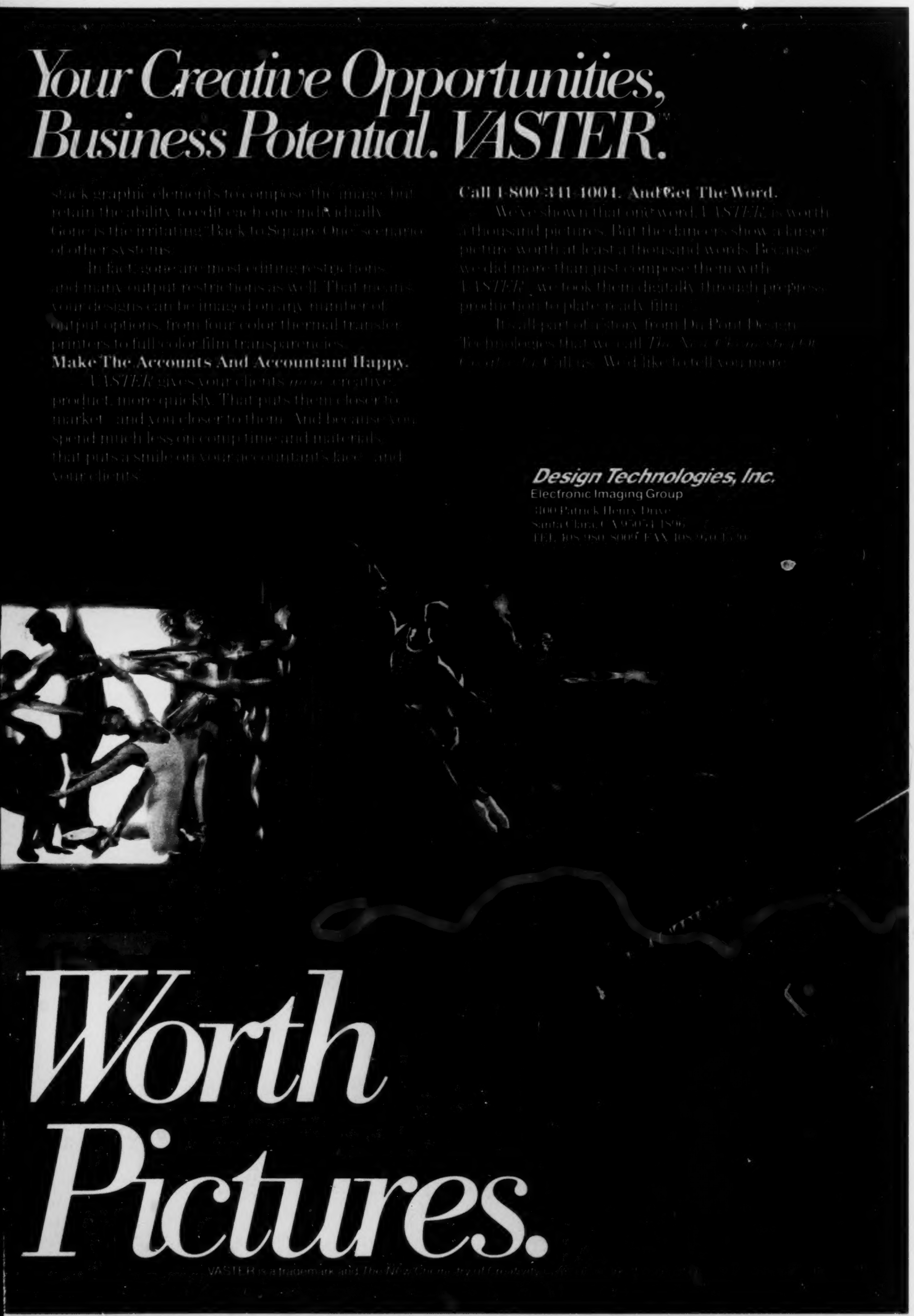
Jerry Baker, dir-adv & mktg
Michael Green, vp-sr adv dir
Richard Popko, vp-sr adv mgr
David Boyles, sr vp, consumers mkts
Ilze Grace, sr vp, individual financial mkts

Advertising Agency

Grey Advertising, San Francisco—Hank McWhinney, president, mgmt rep; John Greer, sr vp-mgmt super; Tom Banks, vp-mgmt super; Karen Sterling, vp-acct super; Debora Wilhelm, Nancy Risolfi, acct execs.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Media spending by second 100 leaders

Rank 1986	Rank 1985	Advertiser	Headquarters	Total spending	'86-'85 % chg	Unmeasured spending	Total measured	Newspaper	Business publication	Spot radio	Farm publications
101	123	Borden Inc.	New York	$81,962	43.0	$59,486	$22,476	$2,352	$920	$2,115	0
102	92	Matsushita Electric Industrial Co.	Osaka, Japan	79,809	(7.3)	40,040	39,769	546	3,603	618	0
103	113	North American Philips Cpr.	New York	79,377	17.1	40,968	38,409	276	366	218	0
104	116	Trans World Airlines	New York	78,782	17.8	29,971	48,811	29,329	1,343	3,593	0
105	124	Daimler-Benz AG	Stuttgart, W. Germany	77,423	19.8	20,072	57,351	23,340	547	3,542	0
106	101	Levi Strauss & Associates	San Francisco	76,755	7.6	44,756	31,999	132	4	2,186	$161
107	—	Wal-Mart Stores	Bentonville, Ark.	75,529	87.3	45,000	30,529	0	0	0	0
108	125	F.W. Woolworth Co.	New York	74,083	14.8	45,912	28,171	0	0	2,610	0
109	—	Metropolitan Life Insurance Co.	New York	72,964	28.2	18,900	54,064	2,214	47	263	0
110	138	Blue Cross Blue Shield Association	Chicago	71,519	18.0	35,401	36,118	4,149	24	4,263	0
111	131	Castle & Cooke Inc.	Los Angeles	71,318	26.3	40,406	30,912	225	1,292	1,395	0
112	109	Polaroid Corp.	Cambridge, Mass.	71,249	2.4	40,974	30,274	1,765	1,566	187	0
113	143	Prudential Insurance Co. of America	Newark, N.J.	70,618	22.0	18,298	52,320	2,196	269	1,288	0
114	128	Jerrico Inc.	Lexington, Ky.	69,478	10.0	39,587	29,891	0	0	183	0
115	132	United Biscuits Holdings PLC	London	69,305	11.0	39,967	29,338	4	397	0	0
116	100	George A. Hormel & Co.	Austin, Minn.	69,068	(2.3)	25,351	43,717	960	779	11,684	0
117	119	Carter-Wallace Inc.	New York	69,046	4.9	43,025	26,021	7	152	100	0
118	122	Ameritech	Chicago	68,955	6.1	38,196	30,759	7,532	412	3,620	0
119	95	Gulf + Western Industries	New York	68,635	17.3	27,300	41,335	2,938	7	395	0
120	108	Southwestern Bell Corp.	St. Louis	67,609	(3.4)	26,078	41,531	7,259	211	10,317	0
121	99	Cotter & Co.	Chicago	67,270	(6.1)	23,465	43,805	0	220	1,265	0
122	97	Canon Inc.	Tokyo	67,085	(17.4)	16,861	50,224	1,753	2,775	1,524	0
123	103	Dayton Hudson Corp.	Minneapolis	66,951	(1.0)	30,937	36,014	0	0	4,128	0
124	145	Alberto-Culver Co.	Melrose Park, Ill.	66,725	17.3	41,070	25,655	11	119	248	0
125	136	MCI Communications Corp.	Washington	66,646	8.6	21,722	44,924	2,276	1,233	564	0
126	130	Estee Lauder Inc.	New York	66,631	5.8	16,845	49,785	3,658	0	607	0
127	114	American Stores	Salt Lake City, Utah	66,244	(2.8)	34,012	32,232	0	0	5,719	0
128	162	Wellcome PLC	London	64,900	26.2	34,655	30,245	0	670	0	0
129	—	First Brands Corp.	Danbury, Conn.	64,831	4.6	30,000	34,831	119	242	0	0
130	98	Capital Cities/ABC	New York	63,117	(12.6)	7,771	55,346	9,989	162	7,982	0
131	—	Seven-Up Co.	Dallas	62,822	92.0	7,441	55,381	1,942	676	2,146	0
132	174	A.H. Robins Co.	Richmond, Va.	62,742	38.4	13,841	48,902	19	916	1,809	349
133	—	VF Corp.	Wyomissing, Pa.	62,209	4.5	36,300	25,909	800	0	0	0
134	159	Mennen Co.	Morristown, N.J.	61,802	21.5	20,661	41,141	0	180	141	0
135	135	Whirlpool Corp.	Benton Harbor, Mich.	61,796	(0.5)	19,909	41,887	4,140	448	0	0
136	163	BMW AG	Munich	61,545	23.4	14,808	46,738	10,924	134	1,767	0
137	144	Hattori-Seiko Co. Ltd.	Tokyo	60,912	(0.4)	22,906	38,006	4,282	118	0	0
138	153	Cadbury Schweppes PLC	London	60,272	(15.8)	20,908	39,364	987	100	393	0
139	93	Mattel Inc.	Hawthorne, Calif.	59,872	(29.6)	14,075	45,797	480	392	642	0
140	150	Southland Corp.	Dallas	59,657	10.6	23,642	36,015	34	217	19,962	0
141	151	Avon Products	New York	59,514	11.4	31,205	28,309	182	131	50	0
142	154	Ciba-Geigy Ltd.	Basel, Switzerland	59,488	14.7	30,982	28,506	35	2,882	2,175	6,622
143	164	Lucky Stores	Dublin, Calif.	58,732	18.0	29,499	29,233	0	0	4,972	0
144	182	Fuji Heavy Industries	Tokyo	58,718	43.2	17,184	41,534	5,211	10	3,253	0
145	179	Hallmark Cards	Kansas City, Mo.	58,367	39.3	23,681	34,686	1,594	37	255	0
146	127	Imasco Ltd.	Montreal	57,633	(7.6)	23,094	34,539	0	0	10	0
147	94	Apple Computer	Cupertino, Calif.	57,596	(31.3)	20,605	36,991	8,070	373	7,457	0
148	157	SmithKline/Beckman Corp.	Philadelphia	56,700	9.6	29,601	27,099	14	486	2	275
149	133	Royal Crown Cola Cos.	Rolling Meadows, Ill.	55,565	(10.8)	28,632	26,934	1,538	45	943	0
150	146	Minolta Camera Co. Ltd	Osaka, Japan	55,505	(2.2)	29,350	26,155	245	801	0	0
151	110	Kimberly-Clark Corp.	Irving, Texas	55,298	(20.5)	11,238	44,061	447	182	37	0
152	142	Coleco Industries	West Hartford, Conn.	54,830	(23.9)	25,102	29,729	480	0	141	0
153	191	NWA Inc.	Eagan, Minn.	52,882	15.0	10,353	42,529	22,219	535	2,672	0
154	—	Isuzu Ltd.	Tokyo	52,557	97.5	12,391	40,166	7,339	573	475	0
155	—	Winn-Dixie Stores	Jacksonville, Fla.	52,529	17.1	29,200	23,329	0	0	834	0
156	185	MasterCard International	New York	52,393	33.5	14,957	37,436	0	983	2,685	0
157	—	Zayre Corp.	Framingham, Mass.	52,353	54.5	27,000	25,353	0	9	8,298	0
158	—	Hyundai Motor Co.	Seoul, S. Korea	52,331	N/A	15,000	37,331	10,396	190	0	0
159	—	Reckitt & Colman PLC	London	51,924	42.5	25,000	26,924	17	686	2,518	0
160	115	Black & Decker Corp.	Towson, Md.	51,815	(23.4)	17,618	34,196	294	153	0	0
161	167	Squibb Corp.	Princeton, N.J.	50,884	4.1	26,030	24,854	1,053	735	58	0
162	171	Franklin Mint	Franklin Center, Pa.	50,530	8.8	10,878	39,651	7,298	25	0	0
163	148	Sandoz Ltd.	Basel, Switzerland	50,403	(8.8)	22,798	27,605	121	708	195	1,519
164	169	Safeway Stores	Oakland, Calif.	50,112	5.9	26,476	23,636	0	0	1,445	0
165	—	NEC Corp.	Tokyo	50,090	54.2	25,000	25,090	2,883	8,912	53	0
166	152	US West	Englewood, Colo.	50,032	(4.4)	23,108	26,925	3,144	539	6,149	0
167	—	Wickes Cos.	Santa Monica, Calif.	49,694	(0.1)	15,000	34,694	0	300	445	0
168	—	3M Co.	St. Paul, Minn.	48,883	27.1	25,000	23,883	0	8,722	0	0
169	—	Domino's Pizza	Ann Arbor, Mich.	48,489	77.5	11,300	37,189	0	0	2,235	0
170	168	Triangle Publications	Radnor, Pa.	48,426	(0.6)	9,938	38,488	1,005	2,018	97	0
171	—	Tyson Foods	Springdale, Ark.	48,265	137.9	25,200	23,065	126	3,528	454	0
172	—	Ocean Spray Cranberries	Plymouth, Mass.	47,329	61.5	23,000	24,329	66	312	155	0
173	—	Fruit of the Loom	Chicago	46,410	29.1	20,000	26,410	353	67	0	0
174	170	Chevron Corp.	San Francisco	45,413	(0.7)	14,901	30,512	3,162	1,450	4,395	914
175	175	Tambrands Inc.	Lake Success, N.Y.	44,772	1.7	14,244	30,528	0	43	321	0
176	89	Van Munching	New York	44,750	(52.0)	17,631	27,119	0	161	18,670	0
177	—	Melville Corp.	Harrison, N.Y.	43,836	23.2	18,000	25,836	0	0	6,407	0
178	—	Tri-Star Pictures	New York	43,476	70.8	17,500	25,976	0	0	87	0
179	—	Bally Manufacturing Corp.	Chicago	43,468	8.0	19,000	24,468	70	429	0	0
180	188	Reynolds Metal Co.	Richmond, Va.	43,416	19.7	17,961	25,455	59	423	626	0
181	—	News Corp. Ltd.	Sydney	43,154	4.0	5,200	37,954	711	275	849	0
182	—	Amoco Corp.	Chicago	42,914	40.9	14,100	28,814	1,740	1,864	6,989	0
183	197	Dow Jones & Co.	New York	42,566	72.1	13,767	28,799	1,259	2,630	2,810	0
184	—	Holiday Corp.	Memphis, Tenn.	41,532	38.8	17,000	24,532	0	566	1,519	0
185	166	Volvo AB	Goteborg, Sweden	41,359	(16.0)	12,606	28,753	5,768	1,025	378	0
186	161	Federal Express Corp.	Memphis, Tenn.	40,258	(20.0)	13,606	26,652	332	301	160	0
187	187	Hearst Corp.	New York	39,034	4.6	9,418	29,616	4,492	3,848	0	0
188	189	De Beers Consolidated Mines Ltd.	London	36,386	2.2	6,133	30,253	0	0	0	0
189	—	Kenner Parker Toys	Beverly, Mass.	36,335	(26.6)	10,000	26,335	0	0	0	0
190	—	BankAmerica Corp.	San Francisco	36,040	38.0	10,200	25,840	0	55	5,752	0
191	118	Faberge Incorporated	New York	35,952	0.2	17,000	18,952	0	182	10	0
192	180	Visa International	San Francisco	35,445	(14.9)	10,123	25,322	0	786	4	0
193	194	Mitsubishi Motors Corp.	Tokyo	34,514	2.7	7,191	27,323	5,509	1,954	146	0
194	137	Citicorp	New York	33,731	(44.8)	9,837	23,894	0	705	2,305	0
195	—	Turner Broadcasting System	Atlanta	33,351	(2.6)	4,100	29,251	1,455	1,148	0	0
196	—	State Farm Mutual Automobile Ins. Co.	Bloomington, Ill.	32,544	24.9	8,400	24,144	200	218	1,243	0
197	—	Hiram Walker-Gooderham & Worts	Toronto	32,519	(21.1)	8,200	24,319	1,846	31	0	0
198	—	Canandaigua Wine Co.	Canandaigua, N.Y.	31,899	100.2	8,100	23,799	27	106	2,203	0
199	183	Thompson Medical Co.	New York	31,635	(21.4)	5,504	26,132	6	205	14	0
200	200	Bertelsmann AG	Guetersloh, W. Germany	29,218	(7.5)	6,474	22,744	3,755	27	79	0

Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Expenditure Reports and farm publications from Agricultural Marketing Information Services (AGRICOM). See *Where Ad Age got its data*, Page S-4. Note: Dollars are in thousands.

Media spending by second 100 leaders

Rank 1986	1985	Advertiser	Headquarters	Total spending	Magazine	Newspaper supplement	Network TV	Spot TV	Network radio	Outdoor	Cable TV networks
101	123	Borden Inc.	New York	$81,962	$4,546	$238	$ 3,232	$8,795	0	$77	$ 202
102	92	Matsushita Electric Industrial Co.	Osaka, Japan	79,809	17,522	0	7,025	8,851	$571	238	796
103	113	North American Philips Cpr.	New York	79,377	6,044	416	18,570	10,733	678	1	1,107
104	116	Trans World Airlines	New York	78,782	2,027	179	61	11,857	0	422	0
105	124	Daimler-Benz AG	Stuttgart, W. Germany	77,423	977	102	25,183	3,424	0	84	153
106	101	Levi Strauss & Associates	San Francisco	76,755	5,173	253	17,106	1,274	1,256	72	4,381
107	—	Wal-Mart Stores	Bentonville, Ark.	75,529	85	0	0	30,445	0	0	0
108	125	F.W. Woolworth Co.	New York	74,083	4,690	4,254	370	14,079	0	44	2,124
109	—	Metropolitan Life Insurance Co.	New York	72,964	8,284	52	31,403	9,833	0	148	1,820
110	138	Blue Cross Blue Shield Association	Chicago	71,519	1,113	57	4,952	20,715	0	835	9
111	131	Castle & Cooke Inc.	Los Angeles	71,318	6,065	145	16,130	3,069	2,529	20	41
112	109	Polaroid Corp.	Cambridge, Mass.	71,249	5,730	350	18,439	306	1,735	191	5
113	143	Prudential Insurance Co. of America	Newark, N.J.	70,618	11,097	1,579	28,702	3,574	237	178	3,202
114	128	Jerrico Inc.	Lexington, Ky.	69,478	2	0	2,492	26,803	0	272	139
115	132	United Biscuits Holdings PLC	London	69,305	5,033	0	22,204	1,681	0	18	1
116	100	George A. Hormel & Co.	Austin, Minn.	69,068	8,554	942	5,442	7,350	7,515	319	173
117	119	Carter-Wallace Inc.	New York	69,046	3,382	0	20,139	1,616	0	0	626
118	122	Ameritech	Chicago	68,955	4,346	0	0	13,672	0	1,179	0
119	95	Gulf + Western Industries	New York	68,635	2,640	38	9,405	23,915	214	45	1,738
120	108	Southwestern Bell Corp.	St. Louis	67,609	2,760	0	0	20,887	0	98	0
121	99	Cotter & Co.	Chicago	67,270	6,055	56	12,331	11,562	10,663	64	1,588
122	97	Canon Inc.	Tokyo	67,085	16,117	102	18,269	7,188	0	431	2,065
123	103	Dayton Hudson Corp.	Minneapolis	66,951	163	0	0	31,526	0	197	0
124	145	Alberto-Culver Co.	Melrose Park, Ill.	66,725	3,773	0	16,974	3,258	0	17	1,256
125	136	MCI Communications Corp.	Washington	66,646	6,716	101	12,539	21,308	2	16	170
126	130	Estee Lauder Inc.	New York	66,631	19,121	3,028	0	23,369	0	3	0
127	114	American Stores	Salt Lake City, Utah	66,244	0	0	0	26,333	0	180	0
128	162	Wellcome PLC	London	64,900	2,435	142	26,454	198	0	0	348
129	—	First Brands Corp.	Danbury, Conn.	64,831	251	0	28,510	4,683	587	0	439
130	98	Capital Cities/ABC	New York	63,117	30,555	542	0	4,396	256	795	669
131	—	Seven-Up Co.	Dallas	62,822	80	0	30,643	15,331	0	3,513	1,050
132	174	A.H. Robins Co.	Richmond, Va.	62,742	3,054	54	16,187	26,053	0	0	461
133	—	VF Corp.	Wyomissing, Pa.	62,209	8,124	518	5,982	5,992	2,329	634	1,530
134	159	Mennen Co.	Morristown, N.J.	61,802	2,824	0	33,365	2,085	0	0	2,548
135	135	Whirlpool Corp.	Benton Harbor, Mich.	61,796	12,445	6	13,925	2,638	7,930	13	291
136	163	BMW AG	Munich	61,545	11,902	7	17,656	3,588	0	51	709
137	144	Hattori-Seiko Co. Ltd.	Tokyo	60,912	8,880	178	14,355	9,314	0	138	741
138	153	Cadbury Schweppes PLC	London	60,272	2,727	67	14,951	19,124	570	129	316
139	93	Mattel Inc.	Hawthorne, Calif.	59,872	2,874	282	24,498	14,999	0	178	1,453
140	150	Southland Corp.	Dallas	59,657	168	66	866	11,655	0	2,986	60
141	151	Avon Products	New York	59,514	7,712	246	19,265	9	713	0	0
142	154	Ciba-Geigy Ltd.	Basel, Switzerland	59,488	707	0	10,373	5,343	0	171	198
143	164	Lucky Stores	Dublin, Calif.	58,732	53	0	0	24,135	0	73	0
144	182	Fuji Heavy Industries	Tokyo	58,718	8,680	0	14,072	9,386	0	270	652
145	179	Hallmark Cards	Kansas City, Mo.	58,367	1,512	1,157	27,434	1,913	782	0	0
146	127	Imasco Ltd.	Montreal	57,633	23	0	0	32,761	59	1,687	0
147	94	Apple Computer	Cupertino, Calif.	57,596	6,680	101	10,313	3,202	292	37	468
148	157	SmithKline/Beckman Corp.	Philadelphia	56,700	2,115	479	20,621	1,359	1,289	0	458
149	133	Royal Crown Cola Cos.	Rolling Meadows, Ill.	55,565	66	0	7,169	16,471	299	367	37
150	146	Minolta Camera Co. Ltd.	Osaka, Japan	55,505	6,402	0	11,716	5,635	692	121	545
151	110	Kimberly-Clark Corp.	Irving, Texas	55,298	10,315	0	30,208	2,183	0	95	594
152	142	Coleco Industries	West Hartford, Conn.	54,830	3,015	295	3,764	21,963	0	0	71
153	191	NWA Inc.	Eagan, Minn.	52,882	8,536	144	938	4,712	587	1,555	631
154	—	Isuzu Ltd.	Tokyo	52,557	9,920	0	5,931	15,356	315	5	252
155	—	Winn-Dixie Stores	Jacksonville, Fla.	52,529	0	0	5,098	16,874	0	523	0
156	185	MasterCard International	New York	52,393	5,858	67	21,509	3,647	2,080	0	607
157	—	Zayre Corp.	Framingham, Mass.	52,353	37	0	0	17,000	0	9	0
158	—	Hyundai Motor Co.	Seoul, S. Korea	52,331	4,736	0	4,077	17,914	0	17	0
159	—	Reckitt & Colman PLC	London	51,924	1,785	0	16,741	4,563	0	5	609
160	115	Black & Decker Corp.	Towson, Md.	51,815	7,469	327	23,425	2,234	0	7	289
161	167	Squibb Corp.	Princeton, N.J.	50,884	5,457	606	11,620	3,697	1,629	0	0
162	171	Franklin Mint	Franklin Center, Pa.	50,530	18,674	9,505	3	2,568	0	0	1,578
163	148	Sandoz Ltd.	Basel, Switzerland	50,403	2,421	22	18,679	3,921	13	7	0
164	169	Safeway Stores	Oakland, Calif.	50,112	1,067	0	0	20,930	0	194	0
165	—	NEC Corp.	Tokyo	50,090	12,117	40	423	36	0	186	441
166	152	US West	Englewood, Colo.	50,032	2,475	0	555	13,613	17	427	6
167	—	Wickes Cos.	Santa Monica, Calif.	49,694	2,497	213	13,545	15,258	1,931	221	285
168	—	3M Co.	St. Paul, Minn.	48,883	9,071	0	2,623	3,266	0	9	193
169	—	Domino's Pizza	Ann Arbor, Mich.	48,489	143	0	19,496	14,308	0	643	364
170	168	Triangle Publications	Radnor, Pa.	48,426	0	20	3,429	24,954	6,017	0	947
171	—	Tyson Foods	Springdale, Ark.	48,265	1,581	0	16,690	668	16	0	1
172	—	Ocean Spray Cranberries	Plymouth, Mass.	47,329	2,803	0	7,257	13,456	0	0	280
173	—	Fruit of the Loom	Chicago	46,410	6,198	161	16,890	2,673	0	69	0
174	170	Chevron Corp.	San Francisco	45,413	3,414	120	2,026	14,920	5	28	79
175	175	Tambrands Inc.	Lake Success, N.Y.	44,772	11,784	0	16,108	410	1	0	1,860
176	89	Van Munching	New York	44,750	3,880	221	1,538	2,504	145	0	0
177	—	Melville Corp.	Harrison, N.Y.	43,836	2,163	1,127	0	16,121	0	17	0
178	—	Tri-Star Pictures	New York	43,476	96	0	14,810	10,194	0	0	790
179	—	Bally Manufacturing Corp.	Chicago	43,468	1,804	92	0	21,701	0	364	8
180	188	Reynolds Metal Co.	Richmond, Va.	43,416	2,549	0	1,442	20,216	0	0	139
181	—	News Corp. Ltd.	Sydney	43,154	3,930	169	5,688	25,125	103	110	996
182	—	Amoco Corp.	Chicago	42,914	3,027	0	0	13,917	0	1,181	106
183	197	Dow Jones & Co.	New York	42,566	1,801	29	6,109	3,370	6,708	104	3,978
184	—	Holiday Corp.	Memphis, Tenn.	41,532	5,704	42	6,553	5,478	0	4,555	115
185	166	Volvo AB	Goteborg, Sweden	41,359	11,624	395	3,987	4,937	0	1	637
186	161	Federal Express Corp.	Memphis, Tenn.	40,258	3,055	0	13,679	8,843	0	0	284
187	187	Hearst Corp.	New York	39,034	16,884	0	0	3,788	22	501	81
188	189	De Beers Consolidated Mines Ltd.	London	36,386	19,988	75	9,687	487	0	0	16
189	—	Kenner Parker Toys	Beverly, Mass.	36,335	126	0	15,574	10,412	0	0	223
190	—	BankAmerica Corp.	San Francisco	36,040	2,050	274	1,113	11,502	729	1,128	3,238
191	118	Faberge Incorporated	New York	35,952	10,685	111	5,023	1,920	224	17	780
192	180	Visa International	San Francisco	35,445	9,229	0	12,422	2,342	0	6	535
193	194	Mitsubishi Motors Corp.	Tokyo	34,514	6,260	0	3,383	9,677	0	124	270
194	137	Citicorp	New York	33,731	4,906	363	6,027	8,346	140	273	831
195	—	Turner Broadcasting System	Atlanta	33,351	8,932	39	5,407	6,752	867	276	4,378
196	—	State Farm Mutual Automobile Ins. Co.	Bloomington, Ill.	32,544	1,462	0	11,694	1,871	7,036	146	274
197	—	Hiram Walker-Gooderham & Worts	Toronto	32,519	17,208	235	0	0	0	5,000	0
198	—	Canandaigua Wine Co.	Canandaigua, N.Y.	31,899	292	0	13,536	3,665	301	40	3,629
199	183	Thompson Medical Co.	New York	31,635	1,864	0	15,809	5,652	764	0	1,819
200	200	Bertelsmann AG	Guetersloh, W. Germany	29,218	16,046	1,719	0	84	721	105	207

Sources: All media expenditures on this page from BAR/LNA reports. (see *Where Ad Age Got Its Data*, Page S-4)

Note: Dollars are in thousands.

RANK

Bertelsmann AG 200

Guertersloh, W. Germany

($ in millions)

Worldwide	1987	1986	% chg
Sales	5,100	4,200	21.4
Net income	105	183	(42.6)
U.S. advertising	29	32	(7.5)

Since Bertelsmann's $475-million takeover of Doubleday & Co. last September, the West German company has become the largest U.S. publisher of general-interest books and the fifth largest U.S. book publisher overall.

Consistent with Bertelsmann's international policy of decentralization, Doubleday's assets were divided into four autonomous operating groups: Bantam, Doubleday, Dell Publishing Group, which handles all trade-book publishing operations as well as Dell magazines; Doubleday Book and Music Club Group; Doubleday Bookstore Group; and Doubleday Manufacturing Group, the publishing arm of the operation.

Combining Bantam with Dell created the largest U.S. marketer of trade paperbacks. Before the merger, Bantam was tied with Ballantine Books for first place.

Each of the Doubleday groups has retained its individual publishing traditions under Bertelsmann, and each has its own editorial and marketing departments. The sales forces of Bantam and Dell were combined into one unit with more than 100 North American reps.

Since the restructuring, personnel shifts and changes have been widespread. Among the most notable additions is Nancy Evans, former editor-in-chief of Book-of-the-Month Club, who was appointed president and publisher of the Doubleday Publishing division. Under Ms. Evans, Doubleday's look has become markedly more elegant.

Overall, the publishing industry continued to improve. During 1986 hardcover sales were up 3% to $1 billion for adult hardcover and $290 million for juvenile. Paperback sales amounted to $779 million in 1986.

Rumors persist that Bertelsmann intends to revitalize Dial Press and Anchor Press, both of which folded under Doubleday in 1985. No specific plans have surfaced, however.

Bantam, Doubleday and Dell contributed $660 million to fiscal 1987 worldwide sales of Bertelsmann, which has other U.S. interests. It owns Gruner & Jahr, publishers of the magazines *YM* (formerly *Young Miss*), *Expecting* and *Parents*. Bertelsmann also bought RCA Records in 1986.

The U.S. activity is one reason the worldwide non-Germany sales of Bertelsmann rose 30.2% to $3.1 billion in fiscal 1987, and this included only half-year results of Doubleday and RCA Records. U.S. figures are based on an exchange rate of DM 1.8095=$1.

Bertelsmann's ad expenditures fell nearly 7.5% from 1985 to 1986. There was no network TV spending in 1986, compared with $525,000 in network spending during 1985. Magazine ad spending rose 4.3% to 16 million. At the same time, spending on business papers and network radio more than doubled.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,755	4,342
Magazines	16,046	15,377
Newsp. supps.	1,719	2,795
Bus. pubs.	27	11
Network TV	0	53
Spot TV	84	893
Network radio	721	334
Spot radio	79	17
Outdoor	105	216
Network cable	207	554
Total measured	22,744	24,590
Unmeasured	6,474	7,000
Total	29,218	31,590

BANTAM DOUBLEDAY DELL
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Corporate Personnel
Albert Vitale, president
Marketing Personnel
Matthew Shear, dir-mktg
Jack Hoeft, president, sales & mktg

DOUBLEDAY BOOK & MUSIC CLUB
Marketing Personnel
Peter von Puttkamer, president
Tom Kraemer, dir mktg
DOUBLEDAY BOOK SHOPS
Marketing Personnel
Gary Del Vecchio, president
Sid Gross, merch mgr
GRUNER & JAHR
Marketing Personnel
John Beni, president
Vincent DePierro, adv dir
Advertising Agency

Franklin Spier, New York—Alex Nelson, president; Amanda Mitchell, acct super; Aaron McHugh, acct exec.

Black & Decker Corp.

RANK 160

Towson, Md.

($ in millions)

Worldwide	1987	1986	% chg
Sales	1,791	1,732	3.4
Net income	6	(158)	104.0
U.S.	**1987**	**1986**	**% chg**
Sales	1,039	1,102	(5.7)
Operating profits	(6)	(111)	95.0
Advertising	52	68	(23.4)
Division sales	**1987**	**1986**	**% chg**
Power tools	740	672	10.1
Accessories	157	169	(7.1)
Outdoor prods.	144	125	15.2
Household prods.	656	668	(1.8)
Service	114	98	16.3

Black & Decker Corp., faced with an uneven retail economy in 1986-87, cut its tool-production capacity and power-tool advertising.

Sales for the company's fiscal 1986, which ended Sept. 28, advanced only 3.4%; earnings rose to $6.3 million following a loss of $158.4 million in 1985. After-tax earnings for the year were $27.5 million before B&D applied $21.2 million against long-term debt.

Revenues have grown 6% to $1.43 billion in the nine-month period ended June 28, 1987, compared with the same period in fiscal 1986. But net earnings for the nine months soared to $40.6 million—76% above the previous year.

During calendar 1986 overall advertising fell 23.4% to $51.8 million, largely because of a sharp falloff in power-tool advertising. This segment dropped from nearly $10 million in 1985 to less than $400,000 in advertising in 1986.

In addition, B&D revamped its product servicing system, picked a new ad agency for tools and made shifts in top management in 1986—all part of a major restructuring begun in 1984.

Nolan D. Archibald, brought over from the Beatrice Cos. in 1985 by B&D chief Laurence J. Farley to be B&D's president-chief operating officer, now holds the three top posts. He replaced Mr. Farley as ceo in March 1986 and as chairman earlier this year.

Another addition to the executive wing in September 1986 was William E. Stevens, executive VP. Formerly with Beatrice Cos. and Chromalloy American Corp., Mr. Stevens replaced Kenneth Kermes, executive VP-finance and corporate development.

New leadership also was added in 1986 to head the company's two main segments. Dennis G. Heiner, formerly with Beatrice Cos., became senior VP-president, Household Products group, and George M. Sherman, former president of rival Skil Division of Emerson Electric, became senior VP-president, Power Tools.

A Black & Decker source says the corporate restructuring plan is about completed and that only fine-tuning remains. The cost so far is $215 million.

The restructuring, which includes work force reductions and plant closures around the world, is part of a strategy that Mr. Archibald calls "cut and build." The "cut" is phase one, including the plant and staff cost reductions. But not all the savings go to gild the earnings column; some go into the "build" phase: sales promotion and more marketing power.

"The thought processes behind what Black & Decker is doing are sound," says David Liebowitz, investment analyst with American Securities, New York. "It remains to be seen if the implementation lives up to the theory."

In the housewares field, the company is faring well, says James Stevens, editor of Dana Chase's *Appliance* magazine. He notes B&D leads the hand-iron category with a 41% market share, compared to 28% for Sunbeam, 20% for Wear-Ever/Proctor-Silex. B&D is No. 1 in toaster ovens, with 58%, compared to Wear-Ever/Proctor-Silex's 19% and Toastmaster's 16%. It holds a 32% share in hand mixers, while Sunbeam has 28% and Hamilton Beach 14%.

In can openers, the breakdown is Rival 28%, B&D 24%, Sunbeam 9%. In the drip coffee-maker category, it's North American Systems 23%, Norelco 16%, B&D 15%. In toasters, Proctor-Silex has 41%, Toastmaster 32%, B&D 10%.

In a number of these market categories (irons, toasters, mixers, curling irons, can openers) market saturation leaves little room for growth. In response to market realities, B&D is de-emphasizing low-end products such as personal care items (including hair curlers, driers and scales) to give a strong new thrust to advertising higher-end products.

The company plans to use 15-second spots to tout the Dustbuster Power Brush and the Lite Years flashlight powered by a new Kodak-developed 10-year lithium battery.

B&D's most market-active products are its cordless (battery-powered) items, both housewares and power tools. Also hot in B&D's tool box are drill bits and saw blades—especially the carbide-toothed Piranha circular blades. Also prime for promotion are the Inline cordless screwdriver, cordless jigsaw, lawn tools, crosscut miter saw and the Air Station, a 120-volt inflater.

Special marketing treatment is at work for the new Master Series professional power tools, introduced in mid-1987 as the "best of the best." Promotion is by print and field demonstrations, such as sawdust parties where the pros see demonstrations, then use the tools.

Creating this big tool promotion is B&D's new agency for power tools, Leo Burnett, Chicago, which was picked for the $10 million account in August 1987. For the past two years, the power-tool agency suite has been dark. The company did little to promote its traditional product line except assign individual tool projects to Lewis, Gilman & Kynett, Philadelphia, and to its household products shop, McCann-Erickson, New York. Household products represents a $30-million account.

But B&D means to step up marketing, evidenced by the bevy of new products popping up in trade shows.

B&D plans to be more product-specific in its advertising, with greater outlays headed toward TV and print this fall. More TV power-tool promotion also is set for 1988.

While measured media totals were down for the year, spending for certain products rose. The market-leading Automatic Shut-Off iron, for example, received 85% higher backing, with a jump to $9.6 million in 1986, mostly in network TV. Ad backing for cordless appliances rose 7% to $3.9 million, most of it in network TV. Dustbuster hand-held cordless vacuum cleaner spending rose 3% to $6.4 million, mostly in network TV.

B&D places its total 1986 worldwide advertising costs at $168.4 million, off 2% from 1985, yet 42% above 1984 spending levels. These totals include not only ad spending worldwide but marketing expenses such as sales costs and trade-show participation.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	294	121
Magazines	7,469	8,812
Newsp. supps.	327	28
Bus. pubs.	153	297
Network TV	23,425	26,135
Spot TV	2,234	8,760
Spot radio	0	110
Outdoor	7	7
Network cable	289	371
Total measured	34,196	44,642
Unmeasured	17,618	23,000
Total	51,815	67,642

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Marketing Personnel
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Kenneth E. Homa, vp-mktg, household prods group
Lynda Chambers, mgr-adv, power tools group
Louise Retzer, mgr-adv & pr, household group
Advertising Agency

Leo Burnett USA, Chicago—power tools group—Peter Metz, acct dir; Ken Fill, acct super; Peter Barber, Karen Garny, Tony Weisman, acct execs.

McCann-Erickson, New York—household group—David Weiss, group dir; Joe Tilli, mgmt rep; Phil Shaw, acct super.

Blue Cross & Blue Shield Association

RANK 110

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
Net income	N/A	N/A	N/A
U.S. advertising	72	61	18.0

Blue Cross & Blue Shield Association, reacting to growing competition among healthcare insurers and providers, continued to strengthen its advertising efforts in 1986, targeting both individual consumers and corporate decision-makers and increasing its spending on TV by 53.9% over 1985.

With healthcare spending accounting for nearly 11% of the GNP in 1986, the healthcare industry was the third largest economic force in the U.S. That kind of marketplace impact reverberated through the corridors of insurance companies nationwide, including those of this Chicago-based association, which responded by promoting its products more vigorously than ever.

During 1986, Blue Cross & Blue Shield Assn. continued to utilize as its primary national advertising vehicle the "Carry the Caring Card" campaign first introduced in September 1984.

However, beginning this September, the organization started running a new series of TV spots built around the theme "Olympic Moments," a direct result of the Blue Cross & Blue Shield sponsorship of the 1988 Winter Olympics. The creative was done by HDM/Dawson, Johns & Black, Chicago. However, the association dumped that agency this fall for Hal Riney & Partners, Chicago.

Total measur[illegible]ding for Blue Cross & Blue Shiel[illegible]umped dramatically every year since 1[illegible] when the federal government first set[illegible]ced reimbursement levels for Medica[illegible] patients, thereby sparking heavy competition.

In 1983, Blue Cross & Blue Shield Assocation's measured media spending was $10.3 million, a figure that grew to $27.7 million in 1986, according to BAR/LNA, which monitors seven media. The organization's 11-media total hit $36.1 million in 1986.

The association is a federation of 77 local, nonprofit community service organizations throughout the U.S. These autonomous organizations, called Blue Cross & Blue Shield Plans, contract with local hospitals, doctors and healthcare agencies to provide prepaid medical services to people who have subscribed to those plans, either through their employers or on an individual basis.

The nonprofit association is responsible for developing and disseminating, in cooperation with local plans, national advertising such as the "Carry the Caring Card" and the "Olympic Moments" ads. The former campaign was the first cooperative nationwide Blue Cross & Blue Shield ad venture; local plans also create and place their own advertising, primarily TV and radio spots.

In addition to traditional reimbursement-for-expenses insurance, local Blue Cross & Blue Shield Plans offer such healthcare options as HMOs and Preferred Provider Organizations. The association spent $21.9 million in measured media for Blue Cross & Blue Shield Plans in 1986, virtually all in spot TV (70%) and network TV (23%).

The association also spent a measured $4.6 million, mostly in spot TV, promoting only Blue Cross plans. HMOs and PPOs accounted for $705,000, all spot TV.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,149	4,792
Magazines	1,113	1,809
Newsp. supps.	57	0
Bus. pubs.	24	169
Network TV	4,952	4,530
Spot TV	20,715	12,185
Network radio	0	1,265
Spot radio	4,263	5,562
Outdoor	835	296
Network cable	9	0
Total measured	36,118	30,607
Unmeasured	35,401	30,000
Total	71,519	60,607

BLUE CROSS & BLUE SHIELD
ASSOCIATION
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Duane R. Carlson, vp-comm
Thomas Mura, sr consultant-comm
Advertising Agency

Hal Riney & Partners, Chicago—Steve Jackson, acct super.

RANK 136

BMW AG

Munich

($ in millions)

Worldwide	1986	1985	% chg
Sales	7,770	8,019	(3.1)
Net income	150	133	12.5
U.S. advertising	62	50	23.4

BMW of North America's car unit sales climbed significantly in 1986 as the American subsidiary of Bayerische Motoren Werke AG shifted some of its focus to the upscale luxury market.

BMW decided to tamper with its reputation as a maker of sporty sedans and challenged fellow German automaker Mercedes-Benz, which previously dominated the upper echelon of the market.

At the same time, BMW maintained stability in the lower end of the upscale market with its popular 3-series. That enabled the automaker to achieve a 7% share of the overall luxury car segment.

With the weakening of the American dollar against the West German mark, BMW was forced to increase its prices on all of its models an average of 11.2% in calendar year 1986, yet the automaker still drove up U.S. unit sales 10% over 1985—to 96,759. Dollar figures appearing in this profile were converted at the average annual exchange rate of 2.254DM=$1.

BMW's 3-series remained its biggest seller in 1986, with unit sales of 61,822, up 14.7% over 1985. Measured ad spending for the 3-series hit $6.3 million, up from only $1.4 million in 1985.

Sales of BMW's 5-series jumped to 25,016 in 1986, a 24% increase. The 5-series got $7.9 million in advertising in 1986, up 69.9%, according to BAR/LNA.

With limited units of BMW's 6-series available, total unit sales of these models dropped significantly to 2,979 units, a 22% decrease. Ad expenditures for this series also dropped in 1986 to $1.9 million, 50% lower than 1985's figures.

Sales of cars in the 7-series dropped to 6,942, compared to 9,938 in 1985, possibly because BMW buyers were anticipating major model changes due in 1987. Ad spending for the 7-series reached $7.1 million, up 1.4% from 1985.

Network TV ad spending by BMW was increased approximately 53% in 1986 to $17.6 million. Spot TV spending dropped 28% to $3.6 million. Newspaper ad spending rose 43.8% to $10.9 million.

BMW of North America is one of 13 foreign subsidiaries of BMW AG, Munich. In terms of unit sales it is the largest subsidiary, almost tripling the sales totals in any other country.

In 1986, BMW introduced the 535is, a sporty version of the 535i model, and the L7, an ultra-luxury version of the flagship 735i sedan. BMW advertising retained its theme line "The ultimate driving machine."

During 1987, BMW of North America introduced seven new models to the American luxury market, three of them priced near $50,000, another debuting at $70,000, the first time BMW had entered such exclusive territory.

New models included the 735i four-door luxury sedan and the new L6 two-door luxury coupe, aimed at taking the lead in the high-performance luxury class. The M6 two-door sports coupe and the M5 four-door sports sedan made by BMW Motorsport, GmbH, debuted in February. BMW also introduced the 325i, 325is and 325i convertible. BMW Motorsport's M3, a high-performance two-door sports sedan, was introduced in June.

BMW's Quality Continuation Plan was offered to dealers in 1986. This is a program that features a limited warranty providing the buyer of a used BMW with protection for a minimum of 12 months or 12,000 miles.

BMW also entered the racing circuit in 1986 and increased the number of regional polo events it sponsored in the North American Polo Series, as well as continuing its patronage of sailing, golf, tennis and selected cultural events.

BMW's 750iL, the automaker's $70,000 entry in the ultra-luxury, high performance market, will be introduced in the U.S. at the end of 1987. This new addition to BMW's 7-series, powered by a new 12-cylinder engine, has won praise from a majority of European automotive publications.

The decline of the dollar has caused BMW of North America to once again increase prices on six of its 1988 models.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	10,924	7,594
Magazines	11,302	10,001
Newsp. supps.	7	7
Bus. pubs.	134	183
Network TV	17,656	11,546
Spot TV	3,588	5,004
Spot radio	1,767	2,891
Outdoor	51	106
Network cable	709	544
Total measured	46,738	37,875
Unmeasured	14,808	12,000
Total	61,545	49,875

BMW OF NORTH AMERICA
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Carl Flesher, genl mgr-mktg strategies
George Hartley, mktg comm mgr
Steven Woolford, adv mgr
Advertising Agency

Ammirati & Puris, New York—automobiles, motorcycles—Ralph Ammirati, co-chmn-ceo; Martin Puris, co-chmn-ceo; Edward Vick, president-coo; Duncan Pollock, sr vp-group dir; Howard Lesman, vp-mgmt super; Jan Boyle, vp-acct super-natl adv; Robert Heissner, mgmt super-dealer adv; Alyson Henning, sr vp, co-dir promo group; Elliott White, Charlie MacLachlan, Henry Staats, Barry Wood, Harold Kobakof, acct execs.

Borden Inc.

RANK **101**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	5,002	4,716	6.1
Net income	223	194	15.2
U.S.	**1986**	**1985**	**% chg**
Sales	4,044	3,884	4.1
Operating profits	387	322	20.5
Advertising	82	57	43.0
Division sales	**1986**	**1985**	**% chg**
Chemical	1,443	1,353	6.7
Dairy	1,331	1,248	6.7
Grocery	1,192	1,134	5.1
Snacks	1,036	981	5.6

Growth was the watchword at Borden Inc. during 1986-87, a time when the producer of foods, consumer products and chemicals increased sales and profits, building its dominance in key markets.

Worldwide sales grew 6.1% and net income increased 15% in 1986; U.S. operating profits soared during the period to $390.2 million, up 20.2%. The company expects 1987 sales of $6.5 billion, a 30% jump over 1986 totals of $5 billion.

Fueling this growth has been a rash of acquisitions, the biggest being the $315 million buyout of Beatrice Dairy, a subsidiary of Chicago-based Beatrice Cos., and renamed Meadow Gold Dairies. According to Borden Chairman-CEO R.J. Ventres, the move built Borden's dairy exposure in the country to 50% of the population across 38 states, up from 35% across 24 states before the acquisition.

The nation's largest marketer of fresh milk, Borden's dairy division posted 1986 sales of just over $1.3 billion. Company officials expect the Meadow Gold line to add $1 billion in dairy sales in 1987.

Early this year, Borden's dairy operation rolled out a brand of calcium-fortified milk called Hi-Calcium; a 12-oz. glass of the lowfat drink contains 100% of the U.S. Recommended Daily Allowance of calcium.

Hungry for growth in other areas as well, Borden has spent $410 million on 16 acquisitions so far in 1987. These include Valley Bell, another dairy; makers of several lines of snacks; three pasta companies; makers of "niche groceries" including three seafood marketers and Soup and Stew Starter brands from Beatrice/Hunt-Wesson; a wallcovering maker and producers of foundry resins.

The pasta acquisitions are part of Borden's plan to dominate a key growth area within the food industry. It is the largest marketer of pasta, having entered the pasta business in 1979 with the purchase of Creamette Co. In a category dominated by regional brands, Borden is pushing Creamette, now its flagship brand, toward national distribution by purchasing regional lines and using them as vehicles for Creamette rollouts.

According to Bill McGuire, an analyst with Merrill Lynch Pierce Fenner & Smith, New York, Borden has increased its share of the pasta category to 32.5% this year, up from 24% last year. Borden plots its worldwide pasta sales at about $500 million.

In the snack category, Borden's strategy mirrors that used for pasta. Describing itself as "the national snack food company with a regional flavor," Borden is attempting national distribution for New York Deli potato chips and [illegible] corn snacks, rolling out the products region by region.

With the addition of Laura Scudder's and Snacktime lines in 1987, the company has store-door distribution in 46 states. According to Mr. Ventres, the two lines add about 40% to Borden's sales volume in the category, bringing the figure to about $700 million annually. Borden is the nation's second largest producer of snack foods, behind Frito-Lay.

Because of its regional approach to marketing, Borden's U.S. advertising is difficult to gauge. Measured advertising for 1986 was just under $22.5 million, with emphasis on spot TV. Figures released by Borden, however, indicate a much larger budget of about $285 million for "advertising and promotion worldwide." This figure increased by 6.5% from 1985.

By the company's own estimates, for every dollar placed in advertising worldwide, Borden spends $4 on promotion. That's about $230 million for "promotion" and $55 million for "advertising." According to company officials, "promotion" denotes give-away items, samples and a number of promotional expenses not usually measured as advertising.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,352	1,627
Magazines	4,546	5
Newsp. supps.	238	0
Bus. pubs.	920	882
Network TV	3,232	7,307
Spot TV	8,795	60
Spot radio	2,115	3,442
Outdoor	77	0
Network cable	202	0
Total measured	22,476	13,324
Unmeasured	59,486	44,000
Total	81,962	57,324

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Joseph M. Saggese, sr vp, resin & chemicals/adhesives, Polyco & Graphics/Canada
John S. Bellecci, group vp, basic chemicals & PVC operations
Benedict Letizia, group vp, intl
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PRODUCTS DIVISION
Marketing Personnel
Jon G. Hettinger, exec vp, president

SATELLITE ORBIT
THE MAGAZINE OF THE NEW TELEVISION
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Lee N. Arst, group vp, confection & main meals
Jerry C. Clowdus, group vp, specialty prods
John F. Dix, group vp, desserts & beverages
L. John Westerberg, group vp, pasta
Dale Schulz, vp-sales & mktg, pasta
Marti Yeager, adv mgr, pasta

DAIRY DIVISION
Marketing Personnel

H. Wayne Mosley, exec vp, president
Richard W. Fowlkes, sr group vp, Borden Dairy
Bill Baar, vp-sales & mktg, Borden Dairy
Jay I. Johnson, sr group vp, president, Meadow Gold Dairies
Kenneth W. Beaman, group vp, Borden south east
Robert E. Dawson, group vp, Borden south west
Robert M. Maloney, group vp, Borden northern

SNACKS & INTL CONSUMER PRODUCTS DIVISION
Marketing Personnel

George J. Waydo, exec vp, president
Dan O'Riordan, sr group vp, intl
Peter M. Duggan, group vp-snacks
Chris Abernathy, vp-mktg, snacks

Advertising Agencies

Grant Jacoby, Chicago—Jays snacks—John Willie, sr vp, brand group mgr; Barry Hedden, acct super; Carol Dunn, acct exec; Andrea Murphy, creative dir.

Grey Advertising, New York—Cracker Jack, Eagle Brand Sweetened Condensed Milk, Borden processed cheese prods, ReaLemon, grocery non-foods (Elmers prods, car-care prods, Krylon paint)—Stewart Hegleman, exec vp.

Harris & Love, Salt Lake City—Clover Club prods—Kerry Lehtinen, sr vp-acct super; Charlie Seldin, acct exec.

Jordan, McGrath, Case & Taylor, New York—Borden snacks, Wise snacks—Don Weir, sr vp-mgmt rep; Linda Schaler, vp-mgmt super; Shelley Wyker, acct super.

M&H Advertising, Minneapolis—Creamette, Ronco, Luxury, Globe, Anthony's pasta prods—Steve Martin, president.

Sive & Associates, Cincinnati—Kava coffee, Bama, Fisher processed cheese prods—Dave Siegel, Phil Mandel, acct supers; Tom Sagers, Linda Jackson, acct execs.

Tracy-Locke, Dallas—Borden dairy prods—Alan Burks, sr vp; Brian Maysemt, acct super; Mike Sweeney, acct exec.

Venet Advertising, New York—Coco Lopez Cream of Coconut—Chuck Levy, vp-mgmt super.

Cadbury Schweppes PLC

RANK **138**

London

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,701	2,750	(1.8)
Net income	95	16	476.2
U.S.	**1986**	**1985**	**% chg**
Sales	609	525	16.0
Operating profits	9	(8)	207.3
Advertising	60	72	(15.8)
Division sales	**1986**	**1985**	**% chg**
Confectionery	1,236	1,130	9.4
Drinks	1,193	982	21.6
Beverages & foods	272	554	(51.0)
Health & hygiene	N/A	85	N/A

After three years of declining sales and a general weakening of its mainstay candy business, London-based Cadbury Schweppes PLC entered the second half of 1987 with a new position as a leading worldwide soft drink company with revived worldwide sales.

The company's international sales in the first half of 1987 grew 18.5% over the same period in 1986, to $1.4 billion; North American division sales grew 17.9% to $609 million (as much as the North American division generated all of last year)—an indicator, the company says, of a return to profitable ways after the disappointing 1986. Last year's worldwide sales declined about 2%, despite a 16% increase in North American sales.

Figures for both 1986 and 1985 were converted from pound sterling to U.S. dollars at the rate of 1£=$1.4678.

The turnaround, the company says, is a direct result of a corporate restructuring and repositioning in 1986 that led to the development of three operating groups: Drinks (Schweppes, Canada Dry and Sunkist); confections (Cadbury chocolate, Peter Paul Mounds and Almond Joy and York Peppermint Patties), food and beverages (Mott's applesauce, Holland House cocktails and Rose's Lime Juice). Special emphasis has been placed on the development of the soft drink business.

As part of the group restructuring, the corporation also consolidated its U.S. advertising. The company switched several accounts to Wells, Rich, Greene, including Peter Paul Mounds and Almond Joy, previously with DFS Dorland, New York; Sunkist soft drinks, previously with Foote, Cone & Belding, Chicago; Canada Dry, previously with Young & Rubicam, and Cadbury chocolates, previously with Ammirati & Puris, New York. In Apri1 1987, Mott's USA also consolidated its advertising account and replaced DFS Dorland and Ammirati & Puris with Ally Gargano/MCA. Ammirati & Puris retained Schweppes USA.

According to ADVERTISING AGE estimates, the company spent $60.2 million on U.S. advertising, including about $39 million in measured media and about $21 million in unmeasured media. The total was up 13% from 1985. However, company estimates put total measured media spending at $35.3 million, down 12.5% from 1985.

The new soft drink group was by far the most active part of the corporation last year with worldwide sales growing 21.6% in 1986. Acquisitions fueled the increases as the company acquired Canada Dry and Sunkist from RJR Nabisco for $230 million and Schweppes purchased a 30% stake in Dr Pepper.

The combined drink operations made the company No. 3 in U.S. soft drink sales with an estimated 8% share of the market, according to company and industry analyst estimates.

The acquisitions also resulted in greatly increased soft drink ad spending. Canada Dry spent $11.6 million in measured media in 1986, split almost evenly between spot and network TV. Sunkist spent $4.8 million, concentrated almost exclusively in spot TV. Schweppes spent about $4.8 million.

Meanwhile, the company's worldwide confectionery sales began to rebound in 1986. Sales rose 23.3%, boosted by the continued growth of its U.K. leader, the Wispa candy bar, and renewed U.S. sales, where key products—Peter Paul Almond Joy and Mounds and York Peppermint Patties—improved sales by 20%, about 12 points ahead of the market average, the company says.

U.S. marketing, however, was caught in the turmoil that followed the series of major agency mergers. Pressure from the company's top U.S. competitor, Mars Inc., forced one of Cadbury's U.S. agencies, DFS Dorland, to resign the Peter Paul accounts. In the U.K., Leo Burnett resigned Cadbury under similar pressure from Mars.

Cadbury spent $5.2 million in the top seven measured media in 1986, down from about $12 million in 1985. Last year, the budget was split almost evenly between spot and network TV, while in 1985, the company spent over $6.7 million in network TV, about $3 million in spot TV and about $1.1 million in magazine ads. In 1987, ad spending is on the rise, according to Brian Falk, VP-marketing, though he would not disclose the amount.

The agency resignations, however, were another boon for Wells, Rich, Greene which received not only the Peter Paul accounts, but also the Cadbury products that had previously been with Ammirati & Puris. Early this year, WRG inaugurated its work on the account with two spots themed "Lean back and enjoy!" for the Cadbury Caramello bar, a longtime Cadbury product being tested in Upstate New York and Minneapolis. WRG also recently completed four spots for York Peppermint Patties.

Though Mott's USA (previously Duffy/Mott and Rose/Holland House) is usually the company's low-profile division, it was one of the most active in new product introductions in 1986 and 1987. In 1986, Mott's took on its biggest competitor, Musselman's, with a single-serving (four oz.) container of applesauce, starting with a gradual rollout in about one-third of the major markets, according to VP-Marketing Frank DeLeo. Mott spent about $1.1 million on spot TV and free-standing inserts in those markets. Creative by Scali, McCabe, Sloves focused on the size and convenience of the packaging and targeted schoolchildren as the prime consumer.

Mott doubled market distribution and ad spending in early 1987, focusing again on spot TV and free-standing inserts. DFS Dorland replaced Scali and introduced the present "I Got The Mott's" campaign, which continues to focus on children as consumers but emphasizes product quality.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	987	298
Magazines	2,727	3,865
Newsp. supps.	67	593
Bus. pubs	100	9
Network TV	14,951	17,724
Spot TV	19,124	22,184
Network radio	570	499
Spot radio	393	993
Outdoor	129	80
Network cable	316	351
Total measured	39,364	46,597
Unmeasured	20,908	25,000
Total	60,272	71,597

CADBURY SCHWEPPES
1200 High Ridge Rd.
Stamford, Conn. 06905
(203) 329-0911

CADBURY BEVERAGES
Marketing Personnel

Steve Wilson, group president
Eddie Merck, president, Canada Dry
John Carson, president, Schweppes

Advertising Agencies

Ammirati & Puris, New York—Schweppes—John Hyes, sr vp-acct group dir; Nancy McNally, vp-acct super; Steve Rothman, acct exec.

Wells, Rich, Greene, New York—Canada Dry, Sunkist—John Costello, exec vp; Fred Refsin, sr vp-mgmt super; Cary Raffle, acct super, Sunkist; Steve Kaufman, acct exec, Sunkist; Karen Flanagan, acct exec, Canada Dry; Maureen Confidne, asst acct exec, Canada Dry.

CADBURY CONFECTIONS
Marketing Personnel

William Seval, president
Brian Falk, vp-mktg
Lisa Kranc, mktg dir
Tom Aaro, sr prod mgr, Mounds, Almond Joy
Mary Bennet, prod mgr, York
Neil Hart, mktg dir, Cadbury brands
Lisa Kremer, sr prod mgr, Caramello, seasonal brands
Rolf Linder, sr prod mgr, Cadbury molded bars
James Nyce, dir-rsch

Advertising Agency

Wells, Rich, Greene, New York—Canada Dry, Sunkist—John Costello, exec vp; Fred Refsin, sr vp-mgmt super; Cary Raffle, acct super, Sunkist; Steve Kaufman, acct exec, Sunkist; Karen Flanagan, acct exec, Canada Dry; Maureen Confidne, asst acct exec, Canada Dry. serberger, acct exec, Peter Paul Mounds, Almond Joy, seasonal prods; Mark Smith, asst acct exec.

MOTT USA
Marketing Personnel

Robert Zapletal, vp-sales & mktg
Frank DeLeo, vp-mktg
James Follett, mktg mgr
David Crist, dir-mktg

Advertising Agency

Ally Gargano/MCA Advertising, New York—all brands including Holland House, Rose's Lime Juice—Steve Brounstein, mgmt super; Dianna Gray, acct super.

Canandaigua Wine Co.

RANK **198**

Canandaigua, N.Y.

($ in millions)

Worldwide	1986	1985	% chg
Sales	195	152	28.0
Net income	11	10	11.6
U.S. advertising	32	16	100.2

Canandaigua Wine Co. finished 1986 with soaring sales and profits due largely to the phenomenal success of its Sun Country Wine Cooler. But its ascent proved bittersweet, as the escalating marketing battle in coolers is negatively affecting its bottom line in 1987.

Canandaigua also expanded its wine holdings in September 1986, when it purchased Widmer Wine Cellars, producer of premium varietal New York State table wines and champagnes. Two months later it added the wine business of Monarch Wine Co., the Brooklyn-based marketer of kosher wines and champagnes including the Manischewitz line.

The acquisitions make Canandaigua the third largest wine producer in the U.S. The company now owns six wineries in New York, California, Virginia and South Carolina. In addition, it markets J. Roget champagnes and Richard's Wild Irish Rose Wine.

Canandaigua was also busy with new product introductions. Its biggest introduction in 1987 was the national rollout of Sun Country Classic, a premium wine cooler. In 1986, new products included several new flavors of Sun Country; Cool Breeze, a flavored dessert wine; Esprit DeVie sparkling fruit juices; Widmer premium table wines and Blanc De Noirs Sparkling wine under the J. Roget label.

But though fiscal 1986 ended Aug. 31 was a banner year—sales increased 28% and net income rose 11.6%—fiscal 1987 has been disappointing. For the nine months ending May 31, 1987, Canandaigua's net income declined 87% to $742,545. The drop was attributed to poor sales and increased marketing expenses of Sun Country; the total includes a third quarter loss of $2.7 million. Revenues for the nine months, however, increased 11.5% to $131.2 million, mainly because of increased sales of Manischewitz and Richard's Wild Irish Rose.

The fortunes of Canandaigua have been tied to the $1.7 billion wine cooler category. In 1986, case sales of Sun Country spiraled to 10.3 million, up 75% over 1985, according to *Impact*, a New York-based industry trade publication. The line, backed by popular "celebrity bear" ads via Towne, Silverstein, Rotter, New York, accounted for a 14% share of the [illegible] 74 million case market.

But by mid-1987, industry sources say Sun Country's share had dropped to the fourth spot, where it is tied with Stroh's White Mountain with an 11% share. Seagram's Coolers and Gallo's Bartles & Jaymes are reportedly tied at the top spot, each with 25% market shares. Brown-Forman Corp.'s California Cooler is third, its share declining from 17.5% in 1986 to about 16% today.

Retail sources say Sun Country's decline is due to disappointing sales of the Classic brand paired with the increased marketing might of leaders Bartles & Jaymes and Seagram's.

Canandaigua's Sun Country Classic, a premium, slightly drier cooler designed to compete directly with premium Bartles & Jaymes and Seagram's premium Golden cooler, was backed by ads featuring ex-Beatle Ringo Starr. His fee was reported to be in six figures. The $15 million campaign failed to build sales. Canandaigua has since shelved the campaign and has turned to a new music video-like program themed "Join the party." Sun Country's famous "celebrity bear," which hid celebrities in a polar bear suit, makes a cameo appearance in these ads.

In 1986, Canandaigua devoted almost its entire measured ad budget to Sun Country, spending $19.5 million, according to BAR/LNA. In 1985, the brand had about $8 million in spending. In 1987, Sun Country was expected to spend about $40 million. But with sales off, that figure could be lower than projected.

Canandaigua built its marketing reputation on Richard's Wild Irish Rose, an inexpensive sweet brand with 6.1 million case sales according to *Impact*. It draws little media spending.

This year, Canandaigua broke new TV spots for the brand themed "Pick the winner, pick the rose."

J. Roget sparkling wines has grown 49% to 1.1 million case sales. J. Roget gets minimal advertising.

This year, Canandaigua was appointed exclusive importer for Keller-Geister German wines. It was previously represented by the Munsen Shaw Division of National Distillers. (National was sold earlier this year). The German agreement is the "spearhead" for Canandaigua's program to build an imported wine business in the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	27	33
Magazines	292	254
Bus. pubs	106	121
Network TV	13,536	6,964
Spot TV	3,665	1,428
Network radio	301	684
Spot radio	2,203	1,892
Outdoor	40	22
Network cable	3,629	538
Total measured	23,799	11,936
Unmeasured	8,100	4,000
Total	31,899	15,936

CANANDAIGUA WINE CO.
116 Buffalo St.
Canandaigua, N.Y. 14424
(716) 394-3630

Marketing Personnel

Marvin Sands, chmn-ceo
Richard Sands, president-coo
Bertram Silk, vp, wine operations
Robert I. Huntington, vp-strategic planning & corp devel
Joseph J. McDonald, vp-adv & corp accts
Howard R. Jacobson, dir-marketing

Advertising Agency

Towne, Silverstein, Rotter, New York—Steven Stetzer, acct super, all brands; Mark Ordover, acct exec, Sun Country; Nelida Willoughby, acct exec, Richards' Wild Irish Rose, Cool Breeze; Holly Sentell, acct exec, Manischewitz.

Canon Inc.

RANK **122**

Tokyo

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,523	5,936	(7.0)
Net income	67	230	(71.0)
U.S.	**1986**	**1985**	**% chg**
Sales	1,720	1,695	1.4
Operating profits	N/A	N/A	N/A
Advertising	67	81	(17.4)
Division sales	**1986**	**1985**	**% chg**
Bus. machines	4,094	4,236	(3.4)
Cameras	988	1,225	(19.3)
Optical, other	440	475	(7.4)

Canon Inc., whose main subsidiary is Lake Success, N.Y.-based Canon USA, is hoping for a recovery of the U.S. dollar. Currency instability during 1986 contributed heavily to a drop of 71% in net income at the parent company, which traditionally generates 70% of its sales in overseas markets.

Worldwide, Canon spent $232 million in advertising in 1986, down 25.4% from 1985. In the U.S., advertising dropped 17%, to $67 million in 1986 from 1985.

Although Canon remained No. 1 in worldwide market share for cameras last year, its camera sales dropped 19.4% for the year, largely because of the sharply higher prices on 35mm single lens reflex (SLR) cameras. Cameras accounted for 18% of Canon Inc.'s 1986 consolidated sales. Canon spent $15.8 million in U.S. measured spending in 1986 to support its cameras, video equipment and accessories, virtually no change from 1985, according to BAR/LNA.

To increase demand for SLRs in North America and Europe, where sales fell off in 1986, Canon introduced several new products, such as the high-technology T-90 SLR, an addition to the T-50 and T-70 SLR models, backed by advertising that featured spokesman-sportscaster John Madden.

In February 1987, Canon entered the automatic-focus single lens reflex market, dominated by rival Minolta Corp.'s Maxxum camera line, with its Electronic Optical System (EOS) 650 and EOS 620. Canon is expected to spend about $10 million in advertising support this year for the EOS line. DCA Advertising, New York, is handling the entire campaign, from creative to media. Those duties are usually split between Grey and DCA.

Canon continued to lead the 35mm point-and-shoot camera category—with between 30% and 35% market share—with its popular line of Sure Shot and Snappy compact cameras. In 1986, the company introduced the waterproof Aqua Snappy and Sure Shot Tele, backed by heavy print and point-of-purchase advertising.

Video systems marketing continued to grow, with emphasis on Canon's 8mm VM-E1 compact camcorder. And Canon launched the VM-E2 in North America and Japan earlier this year. The company also markets VHS home VCRs and a line of OES video camera lenses.

In June 1986, Canon introduced the first commercially available Still Video System, geared toward publishers of magazines and newspapers. The new camera records pictures on 2-inch video disks instead of on conventional silver halide film. The camera body alone costs $2,595; the transceiver, which transmits color pictures over telephone lines, costs $19,900; printer costs $6,950; the recorder for instant picture playback on TV sets or monitors runs $2,695. Despite the high price, the pictures produced by the SVS don't have the clarity of 35mm photographs.

Business products contributed 74% of consolidated sales in 1986. The company said sales in the business products group dropped 3.3%, due to a 10.3% decline in copier sales, hard hit by the changing value of the yen. Sales of electronic typewriters and handheld calculators, on which $3.3 million in measured advertis-

ing was spent in 1986, dropped as well. However, Canon laser-beam printers (LBPs) and facsimile machine sales, up 7.2% combined, nearly balanced the decline in other business product categories.

This fall the company introduced the Canon Cat, a business-oriented "work processor" that is a cross between a personal computer and an electronic typewriter. A $2 million print campaign, via Grey Advertising, began in September.

Canon retained its market lead in the personal copier category in 1986, with measured advertising spending of $20.6 million. Canon strengthened its hold this year with the introduction of the NP-2000, 3000 and 4000 dual-color copier models.

An estimated $8 million campaign for Personal Cartridge Copiers broke on TV in October 1986, featuring spokesman Jack Klugman and actress Beckie Price showing how the copier line appeals to different types of home office users.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,753	3,279
Magazines	16,117	23,295
Newsp. supps	102	56
Bus. pubs	2,775	3,143
Network TV	18,269	21,400
Spot TV	7,188	5,502
Network radio	0	1,042
Spot radio	1,524	684
Outdoor	431	426
Network cable	2,065	1,967
Total measured	50,224	60,792
Unmeasured	16,861	20,409
Total	67,085	81,201

CANON U.S.A.
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(516) 488-6700

Marketing Personnel

T. Hirasawa, asst dir-prod planning & mktg
E. Yoshinari, dir-adv, video
T. Kikuchi, mgr-adv & sales promo, copiers
H. Iwanami, adv-sales promo mgr, calculators
H. Hirai, dir corp pr

Advertising Agencies

DCA Advertising, New York—print/sales promo, tv for cameras, calculators, copiers, medical prods, micrographics, facsimile machines, tv lenses, semiconductor mfg equipment—Nick Nakahara, vp-mgmt super; Janet Virgil, acct exec; Bob Mitchell, asst acct exec; Satch Takayasu, acct coord.

Grey Advertising, New York—typewriters, personal computers, video equipment, tv ads for cameras—Harvey Goldhersz, group dir.

Capital Cities/ ABC

RANK **130**

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,124	N/A	N/A
Net income	448	N/A	N/A
U.S. advertising	63	72	(12.6)

Capital Cities/ABC predicts 1987 will be a turnaround year in earnings for its ABC Network. This prediction is based on a better-than-expected upfront selling season and anticipated spending increases heading into an Olympics and national elections year.

Company officials last month told analysts that fourth-quarter network revenues would increase 8% over a year ago and that 1987 network revenues overall are expected to increase about 2.5% over 1986.

In addition to the negative impact of the National Football League players strike, ABC suffered from low ratings that kept it in third place among networks in 1987.

ABC wasn't the only network to complain. Revenues increased only 3.5% for all three major networks as national package goods companies shifted from media to promotional spending and the networks came under increased competition from independent TV stations and cable outlets. But ABC fared the worst among the three networks; its revenues declined 4% from 1985, to $2.05 billion, and its operating loss of $70 million in 1986 compared with a pro forma profit of $105 million in 1985.

ABC Network accounted for 50% of total sales of Cap Cities/ABC. In addition, Cap Cities/ABC owned-and-operated stations delivered an estimated $322 million in operating profits in 1986. Seven of the eight owned-and-operated stations ranked first in their markets.

Net revenues for the broadcast division,

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: **What is the difference between database marketing and traditional direct marketing?**

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: **I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?**

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: **What kind of marketing applications should be considered for database marketing?**

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: **If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?**

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: **Isn't database marketing going to make an already expensive advertising vehicle even more so?**

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: **I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?**

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

M/A/R/C has a long history of proactive client service. We have been dedicated for the past two decades to working with clients to understand and create the best product or service mix to sell in changing market conditions. This expertise and dedication to service are carried forward into our newest service, database marketing. When you think about it, an integrated system customized to meet your individual needs – a system that's capable of revolutionizing your marketing strategy – is a powerful concept.

Q: **OK. You've got my attention. How do I find out more about M/A/R/C Database Marketing?**

A: Call Ken Orton at 1-800-527-2680 or return the coupon.

☐ *Yes, I want to arrange an interview to find out how effective M/A/R/C Database Marketing can be for my company.*
☐ *I'm interested, but before we meet, call me at my office*

Name ______________________

Company ______________ *Title* ______________

Address ______________________

City, State, Zip ______________________

Telephone ______________________

M/A/R/C Inc.
Ken Orton, Vice President
P.O. Box 650083
Dallas, TX 75265-9990

MARC

The Artistry of Marketing. It Works.

dominated by the TV stations, reached $1.1 billion in 1986, up 13% over pro forma 1985. Operating earnings increased 42% to $412 million from a pro forma 1985 total of $290 million. Net revenues for the stations increased 11% over pro forma 1985, because of strong local ad revenue growth and significant cost savings instituted by the penurious new owner.

The ABC radio network, the industry's most profitable, also posted sizable gains in 1986. And the company's video division was profitable for the first time.

In addition to management shake-ups and employee layoffs as part of cost containment measures, major changes were made in the ad agency lineup.

In July 1986 McCaffrey & McCall lost the $25 million account for ABC Entertainment's tune-in and general promotion advertising to Grey Entertainment & Media, New York, which ABC already had been using for movie and miniseries ads. McCaffrey & McCall also lost ABC Sports to Lois Pitts Gershon Pon/GGK and ABC News to Bozell, Jacobs.

Cap Cities/ABC's total 1986 advertising spending, estimated at about $63 million, was down 12.6% from 1985. The company continued its move away from print advertising and toward radio, begun in 1985 when the company slashed print expenditures 40% and tripled radio buys. Radio buys again more than tripled in 1986, to $8 million.

The company almost halved its newspaper advertising budget to $10 million in 1986. Magazine advertising dropped 43% to $20 million.

Cap Cities/ABC consolidated national advertising sales representation of the company's TV stations in an expanded in-house entity renamed Capital Cities/ABC National Television Sales, dropping Blair Television, which had represented the Capital Cities stations before the merger.

The company reorganized its radio stations division, splitting the 10 markets into two groups in May 1987, a structure "which positions us for the competitive pressures we expect in the future," says James Arcara, radio division president.

The company's video enterprises had a breakthrough year in 1986, as net revenues increased by 42% over 1985. Cap Cities/ABC owns shares in three cable channels, ESPN, Arts & Entertainment (A&E) and Lifetime. ESPN, the largest of the three, is 80% owned by the company, and offers 24-hour sports programming.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	9,989	18,168
Magazines	30,555	34,860
Newsp. supps	542	407
Bus. pubs	162	216
Spot TV	4,396	4,563
Network radio	256	42
Spot radio	7,982	3,263
Outdoor	795	1,091
Network cable	669	686
Total measured	55,346	63,295
Unmeasured	7,771	8,888
Total	63,117	72,183

CAPITAL CITIES/ABC
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Corporate Personnel

Thomas S. Murphy, chmn & ceo
Daniel B. Burke, president-coo
Joseph P. Dougherty, exec vp
John B. Fairchild, exec vp, chmn & ceo, Fairchild Publications
John B. Sias, exec vp, president, ABC Network Group
Ronald J. Doerfler, sr vp & cfo
Michael P. Mallardi, sr vp, president, Broadcast Group
Phillip J. Meek, sr vp, president, Publishing Group
Stephen A. Weiswasser, sr vp & genl counsel
Allan J. Edelson, vp, controller
Andrew E. Jackson, vp
Gerald Dickler, secretary
David J. Vondrak, vp, treas
David S. Loewith, vp, asst controller
Philip R. Farnsworth, asst secty
Allen S. Bones, asst treasurer

ABC TELEVISION GROUP
Corporate Personnel

John B. Sias, president
Mark H. Coh[illegible]n, exec vp
Warren D. Schaub, sr vp
Brandon Stoddard, president, ABC Entertainment
Roone Arledge, group president, ABC News & Sports; president, ABC News
David W. Burke, exec vp
Richard C. Wald, sr vp, ABC News
David W. Burke, vp, ABC News
Dennis Swanson, president, ABC Sports
Dennis Lewin, sr vp, ABC Sports
Stephen J. Solomon, sr vp, ABC Sports
Mark Mandala, president, ABC Television Network Group
George H. Newi, sr vp, ABC Television Network Group
James E. Duffy, president, ABC Communications

BROADCAST GROUP
Corporate Personnel

Michael P. Mallardi, president
Lawrence J. Pollock, president, Television Stations—East
Robert C. Niles, vp, Television Stations East
Kenneth M. Johnson, president, Television Stations—West
James E. Masucci, vp, Television Stations West
Herbert A. Granath, president, Video Enterprises
J. William Grimes, president, ESPN
Julius Barnathan, president, Broadcast Operations & Engineering

PUBLISHING GROUP
Corporate Personnel

Phillip J. Meek, president
John B. Fairchild, chmn & ceo, Fairchild Publications
Robert G. Burton, president, ABC Publishing

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—ABC News—Les Koll, vp-mgmt super.

Grey Entertainment & Media, New York—entertainment—Don Foley, exec vp.

Lois Pitts Gershon Pon/GGK, New York—ABC Sports—George Lois, chmn. creative dir.

Carter-Wallace Inc.

RANK **117**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	451	400	12.7
Net income	32	28	17.2
U.S.	**1986**	**1985**	**% chg**
Sales	355	324	9.5
Operating profits	70	65	8.4
Advertising	69	66	4.9
Division sales	**1986**	**1985**	**% chg**
Health care	209	177	18.1
Antiperspirants	117	123	(5.0)
Other products	125	100	25.2

Carter-Wallace Inc. is charging ahead with new products backed with advertising muscle. The expansion is led by its new acquisition, the Trojan condom brand.

The Trojan brand, which Carter-Wallace acquired in September 1985 from Youngs Drug Products Corp., Trenton, N.J., for $25 million, controls 60.3% of all prophylactic units sold, according to A.C. Nielsen data. Last year, the brand was supported with measured spending of only $1.1 million (a growth of 256% over 1985). Carter-Wallace was a major force in getting condom ads on TV and in general interest magazines, media that once considered the topic taboo.

The Carter Product Division also launched Arrid XX Musk Spray and Arrid Wide Oval Solid in 1986. And most recently, Carter-Wallace unleashed another contender in the $1.4 billion category, Arrid Glide On Deodorant. In 1987, during the full rollout, the new items were supported with $7 million in consumer advertising and $5 million in promotional backing, according to the company.

Glide On, a deodorant in gel form aimed at women, during tests received heavy support through newspaper ads, in-store displays and on-pack promotions, including 50¢ coupons. During the initial launch, more than 90 million cents-off coupons were distributed.

Spending on Arrid as a total brand, according to BAR/LNA, jumped 27% in 1986 over 1985. The heaviest push was $8.5 million behind Arrid Extra Dry Solid Deodorant. Arrid Extra Dry brands control 14.4% of all deodorant/antiperspirants, followed by Sure with 13.5%, Secret with 11.8%, Ban with 11.2%, Mennen with 9.2% and Dry Idea with 8%, according to figures based on drug and food store movement.

Advertising spending in the entire condom category surged 300% from the $500,000 mandated by restrictions in 1985, and it is estimated that spending in 1987 will surpass $4 million. By 1990, that figure may climb to $12 million. In the initial markets where condom ads were accepted, sales leaped 50%, according to research from Wayne, N.J.-based IMS Consumer Products Database. This portends even stronger volume for the market now measured at $200 million. The category could hit sales of more than $500 million by 1991, based on conservative 11% growth per year.

Behind Carter-Wallace's 60.3% share in unit sales is Schmid (Ramses, Sheik and Fourex) with 29.9%, National Sanitary Labs (Protex) 4.6%, Ansell (Lifestyles) 4.1%, and relative newcomer, Mentor, which has an 0.4% share in units. "Other" brands command 0.6%.

In 1988 Carter-Wallace will unveil Lady Trojan, a newly packaged offering aimed at women, who now buy 40% to 50% of all condoms, according to some sources. The goal is to get shelf space in the feminine hygiene section as well as in standard condom racks.

Other products under the Carter Products Division umbrella performed well last year. Nair depilatories remain the market leader. Measured spending behind Nair rose 28.5% to $2.1 million. The brand was extended to include a Nair Bikini Kit in 1986.

Carter's suncare products (Sea & Ski, Block Out) account for less than 10% of this market. In 1986, the company launched five new suncare products, most bearing higher SPF factors. Suncare items were supported by $1.3 million in spending, with $1.2 million of that behind Sea & Ski.

Pearl Drops, which racked up measured spending of $3 million, became the leading brand in unit sales in the tooth polish segment. Based on the success of Pearl Drops, a gel formula was introduced nationally last year.

Another new product area for Carter-Wallace in 1987 was its launch of a fish oil called Discovery. Fish oil became the "hot" diet supplement in 1986 with Warner-Lambert, Squibb, Thompson Medical and Carter-Wallace rushing entries into the market. Discovery shook up the market by price-cutting. During its launch, print ads touted a buy one-get one free promotion.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7	0
Magazines	3,382	3,078
Newsp. supps	0	23
Bus. pubs	152	19
Network TV	20,139	18,075
Spot TV	1,616	2,643
Spot radio	100	309
Network cable	626	649
Total measured	26,021	24,796
Unmeasured	43,025	41,000
Total	69,046	65,796

CARTER-WALLACE INC.
767 Fifth Ave.
New York, N.Y. 10153
(212) 758-4500

Corporate Personnel

John D. Mack, president
David W. McLain, exec vp

Marketing Personnel

Richard D. Kline, vp-mktg, Arrid prods
Stephen H. Friedman, vp-mktg, personal prods
Frank E. Suddoth, vp-mktg, suntan prods
Mark B. Klein, vp-mktg, family prods
Paul Brickman, dir-new prods
Richard C. Deyo, dir-mktg admin
Dolores M. Schimenti, dir-rsch
Anna I. Zgorska, dir-media
Alan B. Sadovnick, dir-sales promo

Advertising Agencies

Avrett, Free & Ginsberg, New York—Pearl Drops & Pearl Drops Smoker's toothpol[illegible]es, Nair depilatories, Rigident denture adhesive—Don Bandman, exec vp; Marlene Wheeler, vp-acct super; Melissa Garlanda, Rod Brown, acct execs.

Backer Spielvogel Bates Advertising, New York—Arrid deodorants, antiperspirants, Sea & Ski, Block Out, Tropic Sun prods, Carter's Little Pills, Answer pregnancy tests, Trojan condoms, Mischief body spray—Mark Morris, exec vp; Renee Summer, sr vp-mgmt rep; Robert Desatnick, Melanie Schneider, vps-acct supers; Gaye Sussman, media dir; Sharon Mathews, assoc media dir; Howie Eisen, media super; Rich Anderson, media planner; Christie Jensen, acct exec; Noah Levine, assoc acct exec.

Poppe Tyson, New York—Triple X pedi-culicide—Fergus O'Daly, president; Diane Frattine, acct exec.

INTERNATIONAL
Corporate Personnel

Miguel Fernandez, president
Barrington Shears, vp
George A. Kappler, vp-ethicals & diagnostics
Edward G. Goldenbaum Jr., dir-diagnostics
Darlene M. Chermak, mgr-consumer prods

LAMBERT KAY
Marketing Personnel

Robert A. Cuthbert, president
Thomas Abrams, dir-mktg svcs
Thomas McShane, vp-mktg

Advertising Agency

(In-house)—Fresh 'N Clean pet grooming prods, Linatone food supplements, Theralin vitamins for pets, Avitron vitamins and Avimin minerals for birds, Victory insecticides, shampoos, Lassie line of grooming, health prods—Thomas Abrams, mktg mgr.

WALLACE LABS
Marketing Personnel

Herbert Sosman, president
Thomas G. Gerstmyer, vp-mktg
Thomas Halvorson, group prod mgr
Richard P. Krukowski, dir mktg, planning & devel

Advertising Agencies

Thomas G. Ferguson Associates, Parsippany, N.J.—Organidin, VoSol, VoSol, VoSol HC, Rondomycin, Ryna, Ryna C, Ryna CX, Rynatan, Rynatuss, Tussi-Organidan, Tussi-Organidin DM—John Zweig, sr vp-dir operations; John Szlasa, sr vp-mgmt super; Carole Rains, John Puleo, acct execs.

William Douglas McAdams, New York—Depen, Lufyliin, Lufyllin-GG, Lufyllin-EPG, Soma, Soma Compound, Soma Compound with Codeine, Micrainin, Aquatensen, Diutensen, Diutensen-R—Joseph Carobene, sr vp; Leon Rosenberg, acct super; Lorraine Pastore, asst acct exec.

WAMPOLE LABORATORIES
Cranbury, N.J.

Marketing Personnel

John Bridgen, president
John A. Kraeutler, vp-mktg

Advertising Agency

Simms & McIvor, Bound Brook, N.J.—diagnostic prods—Eugene McLoughlin, acct super; Nancy Masterson, acct exec.

Castle & Cooke Inc.

RANK **111**

Los Angeles

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	1,700	1,681	1.1
Net income	44	46	(4.3)
U.S.	**1986**	**1985**	**% chg**
Sales	1,265	1,276	(0.9)
Operating profits	N/A	N/A	N/A
Advertising	71	56	26.3
Division sales	**1986**	**1985**	**% chg**
Flexi-Van	62	153	(59.5)
Castle & Cooke	1,676	1,528	9.7

Castle & Cooke, the world's largest producer and marketer of fruits and vegetables, in 1986 concentrated its efforts on international marketing and the building of its Dole brand, both domestically and worldwide.

C&C also increased U.S. advertising 26.3% to $71.3 million in 1986 over 1985, with most of the increase supporting what became a separate subsidiary in March 1986—Dole Food Co. Dole gained its subsidiary status as part of a corporate restructuring that put new emphasis on international marketing, particularly Asia. Before the reorganization, Dole existed only as a C&C brand.

In another sign of its redirection, Dole re-evaluated its domestic marketing programs and decided to consolidate its $25 million-to-$30 million ad budget at one agency. In April 1986, the company hired William Esty Co., New York, to handle all Dole products, previously split between Allen & Dorward and JWT/West, both San Francisco.

During Esty's handling of the business, Dole signed singer Kenny Rogers, a personal friend of Castle & Cooke Chairman David Murdock, to be spokesman for the company's multi-product advertising campaign. But just as the campaign broke in February 1987 the business was abruptly shifted to Backer Spielvogel Bates, New York, at the personal direction of Mr. Murdock.

Dole, the No. 1 worldwide marketer of pineapples and No. 2 seller of bananas, put its heaviest 1986 ad spending behind its frozen novelties. The national rollout of Fruit & Cream Bars, an extension of its successful Fruit 'n Juice line introduced in 1984, received $8.6 million, almost exclusively in network TV.

Measured spending for Fruit 'n Juice Bars and Fruit Sorbet declined in 1986. Spending for Fruit 'n Juice Bars was down 36%, to $5.4 million. Fruit Sorbet's budget declined 15%, to $6 million. Both brands received heavy network TV support. The $1.6 million that Fruit Sorbet received in spot TV in 1985 was eliminated in 1986.

Ad spending in 1986 for Dole canned pineapple and Dole ready-to-serve and frozen juices remained steady. Measured spending for Dole ready-to-serve and frozen pineapple juices was flat at $2.6 million, while backing for canned pineapple increased a slight 9%, to $3.9 million.

C&C continued pushing the Dole brand through new Dole Breakfast Juices, which it rolled national in early 1987. The pineapple juice-based blends, in cartons and frozen concentrate, compete in the highly segmented juice market with Del Monte USA's Fruit Blends, which were introduced in early 1987 with a $16 million network TV campaign. Dole is testing a line extension it calls Pure 'n Light Breakfast Juices.

Though Mr. Murdock, who took control of C&C when it merged with his New York-based Flexi-Van Inc. in early 1985, is perceived by many as a seller of assets rather than a builder of brands, two acquisitions in 1987 indicate C&C's intention to build Dole for the long-term.

In September 1987 C&C purchased the agricultural properties of Tenneco West, a fresh fruit, nuts and vegetable marketer, and Apache Corp, producer of olives and figs.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	225	0
Magazines	6,065	6,332
Newsp. supps	145	109
Bus. pubs	1,292	0
Network TV	16,130	8,699
Spot TV	3,069	4,678
Network radio	2,529	2,274
Spot radio	1,395	2,383
Outdoor	20	6
Network cable	41	0
Total measured	30,912	24,481
Unmeasured	40,406	32,000
Total	71,318	56,481

CASTLE & COOKE
10900 Wilshire Blvd.
Suite 1500
Los Angeles, Calif. 90024
(213) 824-1500

Marketing Personnel

David Murdock, chmn
Robert Fisher, president, Dole Food Co.
Harold Reed, president, Dole Packaged Foods
David Delorenzo, president, fresh fruit
John Porter, vp-mktg & sales, processed foods
Leo Kreger, vp-mktg, processed foods
Robert Urbain, vp-genl mgr, frozen desserts

Advertising Agency

Backer Spielvogel Bates, New York—Dole packaged foods, Dole frozen desserts, Dole fresh foods, new prods—Sharon Mosse, exec vp; Ed Aroyan, Vicki Mendelson, acct supers; Lynn Hannon, Susan Rudolph, Ira Bahr, acct execs.

Chevron Corp.

RANK **174**

San Francisco

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	26,245	43,845	(40.1)
Net income	715	1,547	(53.8)
U.S.	**1986**	**1985**	**% chg**
Sales	19,886	30,253	(34.3)
Operating profits	247	1,404	(82.4)
Advertising	45	46	(0.7)
Division sales	**1986**	**1985**	**% chg**
Petroleum	23,666	41,003	(42.3)
Chemicals	1,998	2,246	(11.0)
Minerals	380	365	4.1

The collapse of crude oil prices and falling revenues for petroleum products called for draconian cost-cutting at Chevron Corp. in 1986. However, its marketing and advertising programs remained almost intact at a spending level of about $45 million.

Chevron management met the revenue shortfall with numerous cutbacks. Planned worldwide capital expenditures were sliced from $5 billion to about $3 billion, about the same level expected for 1987; the work force was cut by 12%; $850 million in assets were sold; the debt from the 1985 merger with Gulf was reduced by $1 billion.

At the end of 1986, the company's total assets were $34.6 billion, and it ranked as the fourth largest U.S. petroleum company, based on revenues, the nation's largest manufacturer of refined products and the largest marketer of jet fuel, diesel fuel, asphalt and natural gas liquids.

At Chevron USA, the company's petroleum products marketing arm, expansion of gasoline-convenience stores remained a priority. The company has started a $600 million consolidation program that will consolidate two or three low-volume stations in a market into a single high-volume outlet.

Most of the company's advertising dollars backed gasolines, both Chevron and Gulf brands, which pulled a combined $10 million in measured media. Chevron motor oil and lubricant products accounted for another $4 million. Since the acquisition of Gulf Oil by Chevron, the company has consolidated many Chevron/Gulf product lines, especially motor oils.

Measured media expenditures for 1986 find spot TV, at $14.9 million, up 25.5% from 1985, once again the dominant media force in Chevron's regional marketing strategy, according to BAR/LNA. Spot radio expenditures at $4.3 million were off 55.2% from 1985.

Chevron unleaded gasoline containing Techroline continues to be used by all four major U.S. auto makers in the EPA's 50,000-mile emission system durability tests, and Chevron's radio advertising still highlights this EPA usage. The patented Chevron gasoline additive is packaged as a concentrate and sold as Techron, and it is now being incorporated into Gulf gasoline grades. Average monthly sales of Techron grew nearly threefold compared with 1985.

Chevron's "Yes, the best" campaign introduced in 1986 for its Techroline gasoline brand rolled on into 1987 emphasizing product quality and its relation to overall auto performance. The campaign concentrates on spot TV. Gulf gasolines continue with the "Unlock the power" campaign for its Techroline grades. Both campaigns have the support of newspapers and radio in key markets.

Chevron in 1986 relied largely on a mix of spot TV and radio to market its products in more than 50 major markets. In 1987 the company has beefed up its spending in print in regional editions of national consumer magazines. In 1986, Chevron spent $3.2 million in newspapers and $3.4 million in magazines. The push for print is in line with the company's increased emphasis on the sale of premium grades. Premium users, it is believed, are not great TV viewers; they can be reached most effectively by specialty magazines.

Chevron Plus Unleaded, a mid-grade gasoline, was rolled out nationally in mid-1987 as sales for leaded gasolines dwindles to extinction. Launched in Southern Florida test markets in August and mid-Atlantic region in September, the unleaded brand is expected to be introduced on a market-by-market basis in 1987-88 with the support of spot TV.

Advertising by Chevron Chemical Co. —the company's best-performing division, representing 7% of corporate sales but 15% of net income—commanded nearly 25% of Chevron's total ad expenditures in 1986. The outlay, mostly for Ortho products, was split between herbicide and pesticide lines. Media usage for advertising ran 70/30 in favor of TV over consumer magazines.

Chevron Chemical used a series of split-30 spots to promote the Ortho line of indoor home pestkillers. Launched in 1987, the spots are scheduled to run in spot markets through 1988, supported by print on a regional basis.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,162	2,489
Magazines	3,414	2,468
Newsp. supps	120	84
Bus. pubs	1,450	1,431
Farm pubs	914	1,794
Network TV	2,026	1,439
Spot TV	14,920	11,111
Network radio	5	42
Spot radio	4,395	9,688
Outdoor	28	105
Network cable	79	65
Total measured	30,512	30,714
Unmeasured	14,901	15,000
Total	45,413	45,714

CHEVRON CORP.
225 Bush St.
San Francisco, Calif. 94104
(415) 894-7700
CHEVRON CHEMICAL CO.
San Francisco, Calif.
Marketing Personnel

Bob Dennison, vp-genl mgr, Ortho agricultural chemicals div
Jim Lieto, vp-genl mgr, Ortho consumer prods div
Tom Graham, adv mgr, Ortho consumer prods div (home, lawn & garden chemicals)
Phyllis McCabe, adv specialist, Ortho agricultural chemicals div (pesticides)
Kevin Eikenberry, mktg specialist, Ortho fertilizer div

Advertising Agencies

Livingston & Co., Seattle—Ra-pid-gro plant food, pr—Pat Doody, vp-acct super.

McCann-Erickson, San Francisco—all divs—Tom Dreese, sr vp-acct super, consumer & agricultural prods divs; Jeff Kaiser, vp-acct super, consumer prods.

CHEVRON U.S.A. INC.
San Francisco, Calif.
Marketing Personnel

L.L. Taigen, vp-mktg
D.C. Smith, genl mgr-mktg
Jim Gordon, mgr-adv & promo
Jim Fivarnik, media dir

Advertising Agencies

J. Walter Thompson USA, San Francisco—public affairs—Michael Goefft, acct dir; David Soblin, mgmt super.

Young & Rubicam, San Francisco—Chevron & Gulf brands—Gene Hart, acct mgr; Jack Hamilton, mgmt super; Les Allison, acct super, Chevron brands; Wayne Buder, acct super, Gulf brands.

RANK
Ciba-Geigy Ltd. 142
Basel, Switzerland

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,569	9,787	(12.4)
Net income	119	120	(1.1)
U.S.	**1986**	**1985**	**% chg**
Sales	2,434	2,363	3.0
Operating profits	N/A	N/A	N/A
Advertising	59	52	14.7
Division sales	**1986**	**1985**	**% chg**
Chemicals	1,268	1,329	(4.6)
Pharmaceuticals	2,755	3,006	(8.3)
Agricultural	2,030	2,733	(25.7)
Plastics	1,913	2,076	(7.8)
Ilford	262	294	(11.1)
Electronic equip.	343	349	(1.8)

In order to offset poor results generated by its agriculture division, the Ardsley, N.Y.-based division of Ciba-Geigy Ltd. is concentrating on developing new high-technology products, especially pharmaceuticals.

Dollar sales of Ciba in North America grew 3%, although that is a decline translated into Swiss francs. The 12.4% decline in the company's worldwide sales shown in the box is credited largely to the weak agricultural economy and to the appreciation of the Swiss franc. The average annual exchange for the franc has grown 20.8% against the dollar from early 1986. Figures for both 1986 and 1985 were converted at the same exchange rate of 1 Swiss franc=$0.5371.

Among the new pharmaceutical products the company launched last year were Estraderm, a transdermal treatment for menopausal problems; Ten-K, a treatment for potassium deficiency; Transderm-Nitro, a heart transdermal product, and Tegretol, a medication controlling involuntary movement.

Ciba-Geigy now holds 3.2% of the nation's pharmaceuticals market, the company reports, and is the second-largest pharmaceuticals company in the world behind Merck, Sharp & Dohme International Ltd. Because ethical drugs are rarely marketed to consumers, Ciba's advertising spending is in less consumer-oriented media.

The company made a substantial commitment to vision care with the acquisition from Alcon Laboratories of Alcon contact lens business in Europe and North America (Alcon retained its lens solution business). This supplements the business brought in by the 1985 purchase of American Optical Corp. Ciba increased its sales in this area by 70%, making it the fifth largest vision-care company in the world. During fiscal 1986, this group was spun-off of the pharmaceutical division to become the Ciba Vision Group. Many expect the company will expand into other related eyecare areas such as cosmetics. Measured spending behind eyecare in 1986 was marginal, down to $500,000 from the $2 million in 1985.

The bulk of consumer ad spending is behind Acutrim fiber supplement, although spending dropped 15.3% to $8.3 million in 1986. An Acutrim commercial that showed a woman devouring everything in sight drew criticism in 1986. The agency, Ally Gargano/MCA, lost the account early this year. Acutrim is generally regarded to be second in the market behind Fibre Trim from Schering-Plough.

A major new item unwrapped in 1986 was Sunkist vitamins. The brand was well-received by the trade, and drew an ad budget of $4.3 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	35	135
Magazines	707	1,993
Newsp. supps	0	206
Bus. pubs	2,882	1,242
Farm pubs	6,622	7,040
Network TV	10,373	6,846
Spot TV	5,343	71
Network radio	0	5,707
Spot radio	2,175	1,388
Outdoor	171	112
Network cable	198	104
Total measured	28,506	24,842
Unmeasured	30,982	27,000
Total	59,488	51,842

CIBA-GEIGY CORP.
Saw Mill River Rd.
Ardsley, N.Y. 10502
(914) 478-3131
PHARMACEUTICAL DIVISION
Marketing Personnel

William Sheldon, sr vp-mktg
Bill Hackett, exec dir-adv & sales promo

Advertising Agencies

(In-house) C&G Advertising Agency, Summitt, N.J.—Bill Hackett, president.

Foote, Cone & Belding Communications, Chicago—Joan Bia k, sr vp-group dir; Liz Slattery, vp-acct dir; Tom Hollerback, acct exec.

William Douglas McAdams Advertising, New York—Irving Schwab, acct super.

AGRICULTURAL DIVISION
Marketing Personnel

Leo Bontempo, president
Phil Koch, dir-comm
Larry Spickler, comm mgr

Advertising Agencies

Ketchum Advertising, San Francisco—insecticides, fungicides, herbicides—Jeff Manning, sr vp-group dir; Steve Pickford, vp-mgmt super; Russell Woods, super; Norman Rivera, acct exec.

Martin Williams, Minneapolis—herbicides, fungicides—Gerry Kleckner, vp-mgmt super; Tim Burke, acct super.

RANK
Citicorp 194
New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	N/A	N/A	N/A
Net income	1,058	998	6.0
U.S. advertising	34	61	(44.8)

Citicorp, the nation's largest commercial bank with more than $144 billion in assets at the end of 1986, slashed its advertising expenditures last year and decentralized its in-house marketing department in an effort to get closer to its individual markets.

Although it posted major failures with products in its two major market segments —credit cards and consumer banking—analysts say Citicorp is holding its own against stiff competition.

The most striking disappointment for the bank holding company came with its decision to scrap its Choice credit card in August 1987 and transfer it to a Visa card still inscribed with the Choice logo. "There was not enough volume for the card to make it profitable," says Norman Jaffe, bank analyst for Fox-Pitt Kelton Inc., New York. Nonetheless, Citicorp is still the largest issuer of credit cards, with more than 9 million accounts. Bank of America is second with 7 million.

Mr. Jaffe says the bank is using the "affinity method" to gain penetration. For example, Citibank recently inked a deal with American Airlines whereby cardholders get free membership for the card and 5,000 free miles of air travel. Each dollar purchase also translates into an extra mile of travel on American Airlines.

Citicorp's other major push is toward more upscale cards such as preferred or "gold" cards and away from the vanilla type card. Citibank is pushing those cards with a direct mail campaign stressing service; included were more than 100 million bind-ins in various national magazines in 1986.

The company also launched a new spot TV campaign with parallel theme lines, "Not just Visa—Citibank Visa" and "Not just MasterCard—Citibank MasterCard." That campaign will run through 1988, and there is a chance Citibank will

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ALBANY, N.Y.
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RATE

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Source: 1987 Simmons Newspaper Ratings

AD SAT.

NOBODY COVERS NEW YORK'S CAPITAL LIKE
NEW YORK'S CAPITAL NEWSPAPERS
TIMES UNION
Mornings and Sunday
Knickerbocker News
Evenings
HEARST NEWSPAPERS

take it onto network when it completes an evaluation of the campaign's effectiveness.

The bank also plans to coattail on Visa's sponsorship of the Olympics with a special Citibank Visa Olympic card. The hook is a $10 donation to the Olympic Committee for each new account opened.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	4,906	10,538
Newsp. supps.	363	391
Bus. pubs.	705	1,022
Network TV	6,027	17,174
Spot TV	8,346	10,952
Network radio	140	0
Spot radio	2,305	2,778
Outdoor	273	50
Network cable	831	416
Total measured	23,894	43,321
Unmeasured	9,837	17,835
Total	33,731	61,156

CITICORP
399 Park Ave.
New York, N.Y. 10043
(212) 559-1000

Marketing Personnel

Philemon Hoadley, dir-adv
Elizabeth Heller Allen, dir-mktg, Citicorp Investment Bank
Julian Romeu, dir-adv, Citibank MasterCard & Visa
Karen Foley, dir-mktg, Diners Club
Michael Wien, dir-mktg, Citicorp Savings Illinois
Edward Caso, dir-mktg, Citicorp Savings Florida
Robert Previdi, dir-mktg, Citicorp, Citibank retail

Advertising Agencies

Foote, Cone & Belding Communications, Chicago—Diners Club card U.S., Carte Blanche card, Citicorp traveler's checks, new prods—Bill Melzer, sr vp-group acct dir; Dale Smith, vp-acct dir; Beryl Schnierow, acct exec.

Foote, Cone & Belding/Leber Katz Partners, New York—Citicorp Foreign Currency Center, Diners Club Intl, Citicorp Investment Product unit, Citicorp Choice—Jon Adams, sr exec vp, worldwide acct dir; Connie O'Brien, Katherine Chiles, vp-mng dirs; Linda Lustig, vp-acct dir; Bob Morgan, Greg Maddock, acct execs.

Lowe Marschalk, New York—Citibank Better Bank Card div—Dan O'Donnell, vp-acct super; Patricia Gallagher, acct exec.

N W Ayer, New York—Citicorp natl campaign, Citibank—Philippa Muir, mng super; Linda Stack, Jack Rayher, Anita Stewart, vps-acct supers.

N W Ayer, Chicago—Citicorp Savings of Illinois—John Wells, president; Jim Signorelli, vp-acct super; Sharon Earle, Jim Beall, Don Millsap, acct execs.

Smith-Greenland, New York—Citicorp Investment Bank—Bert Rosenberg, exec vp; Beth Granowitz, acct exec.

Coleco Industries

RANK **152**

West Hartford, Conn.

($ in millions)

Worldwide	1986	1985	% chg
Sales	501	776	(35.5)
Net income	(111)	83	(234.2)
U.S.	**1986**	**1985**	**% chg**
Sales	471	716	(34.2)
Operating profits	(68)	115	(159.0)
Advertising	55	72	(23.9)
Division sales	**1986**	**1985**	**% chg**
Toys	501	720	(30.4)
Cons. electr.	N/A	56	N/A

For the third-largest toy manufacturer, Coleco Industries has an unusually small product base. Known primarily for its Cabbage Patch line of adoptable dolls, the company in 1986 made a concerted effort through new product introductions and acquisitions to lessen its reliance on Cabbage Patch Kids.

The first moves in this direction were accomplished last year despite grim operating results. Coleco in 1986 introduced StarCom action figures, ALF plush characters, electronic play-and-learn toys, Sylvanian Families play figurines and Aurora road racing sets. In addition, the company finalized its acquisition of Selchow & Righter Co., maker of board games such as Scrabble and Trivial Pusuit.

Despite such product expansion, Coleco's financial returns remained tied to the decline of the Cabbage Patch dolls. In 1986, Coleco's sales fell 35% to $501 million; sales of its Cabbage Patch Kids plummeted 62% to $230 million. Cabbage Patch Kids now represent 46% of total sales, compared with 77% in 1985. Since their introduction in 1983, Cabbage Patch Kids have generated sales of $1.2 billion.

With the revenue drop, Coleco only modestly increased its worldwide advertising budget 5.8% last year to $67.9 million. Its domestic budget also increased 5.8% to $61.7 million.

The decline in the fortunes of the Cabbage Patch Kids has resulted in major management and agency changes. Al Kahn, executive VP-worldwide creative development, left the company during February's Toy Fair; he has been replaced by Charles Winterble. Longtime Coleco agency, Richard & Edward's, lost the business and closed shop in early 1987.

Richard & Edward's lost the account in chunks. The $10 million Cabbage Patch Kids account went to Bozell, Jacobs, Kenyon & Eckhardt, New York, in 1985. BJK&E at that time picked up an additional $10 million in business from Coleco for the Selchow & Righter (formerly at Tonka agency Jordan, McGrath, Case & Taylor, New York), Furskins (formerly at Richard & Edward's), Play & Learn Electronics (formerly at Richard & Edward's), ALF and UBI lines. The Rambo and Wrinkles lines went to Scott Lancaster Mills Atha, Los Angeles. That agency this year was assigned Coleco's Sylvanian Families, StarCom, Aurora, outdoor products and creativity activity toys accounts.

Last month, Coleco introduced Cabbage Patch Talking Kids, with the hope that this new line will invigorate doll sales.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	480	0
Magazines	3,015	5,194
Newsp. supps.	295	20
Bus. pubs.	0	39
Network TV	3,764	4,910
Spot TV	21,963	28,417
Spot radio	141	0
Outdoor	0	103
Network cable	71	399
Total measured	29,729	39,082
Unmeasured	25,102	33,000
Total	54,830	72,082

COLECO INDUSTRIES
999 Quaker Lane South
West Hartford, Conn. 06110
(203) 725-6000

Corporate Personnel

Arnold Greenberg, chmn-ceo
J. Brian Clarke, president-coo
Morton Handel, exec vp-corp devel
Charles Winterble, exec vp-worldwide creative devel
Barbara Wruck, vp-corp comm

Marketing Personnel

Donald Taylor, exec vp-mktg
Robert Jackman, sr vp-mktg
Alan Fine, sr vp-prod mktg
Sy Gershberg, dir-adv & media
Marilyn Greenwald, mgr-licensor accts

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—Gary Andrews, sr vp-acct group dir; Tom Stacey, acct super, Selchow & Righter; Carl Titelman, acct super, Coleco; Bill Appelman, exec vp-exec creative dir; Bob Feinberg, exec vp-creative dir.

Scott Lancaster Mills Atha, Los Angeles—David Mills, acct super; Steve Scott, Peggy Lancaster, Steve Jarvis, creative dirs.

Cotter & Co.

RANK **121**

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,734	1,702	1.9
Net income	71	67	6.8
U.S. advertising	67	72	(6.1)

At a time of great growth in hardlines marketing, Cotter & Co.—the cooperative that includes True Value Hardware Stores and V&S Variety Stores—continues to hold a clear edge in hardware market share, but it is under mounting pressure from many competitors.

What was once an orderly distinction between the neighborhood hardware store and the local building-supply dealer is now a vast assortment of hardware stores that sell lumber, lumberyards that sell hardware, plus a booming new middle ground of hardline supermarkets called home centers.

The National Retail Hardware Assn., Indianapolis, reports combined sales of these three types of do-it-yourself outlets in 1986 was $67.1 billion. The total breaks down into $11.8 billion for retail hardware stores, $30.2 billion for home centers, $25.1 billion for DIY lumberyards.

Cotter's 1986 sales rose just 1.9% as net income grew 6.8%. This compares to 1985 advances of 3% in sales and 15.5% in net income. For the first six months of 1987, Cotter's sales rose to $920.5 million, 4.2% above the same period in 1986. Net earnings were up 11.4%, to $42.9 million.

Cotter's estimated advertising drop of 6.1% in 1986 to $67.3 million "was a calculated decrease," says Edward Lanctot, Cotter's secretary, treasurer and merchandising manager, citing the planned 10.6% cuts in magazines. Television also was down—by 16% for network and 12% for spot, according to BAR/LNA. Mr. Lanctot suggests the monitored figures are high because Cotter often buys network on a regional rather than full national basis. "Our true network buying probably totaled $5 million."

Low-key though Cotter's overall 1986 performance may have been, it still left the Chicago-based hardware house well ahead of its rivals. In the retail hardware-store market, Cotter ranked No. 1 in sales, with a market share of 14.7%. Ace Hardware, Oak Brook, Ill., with 1986 sales of $1.06 billion, was No. 2 with a 9% share.

Cotter did not originate the concept of the member-owned wholesaler cooperative, but it has made it pay off in a big way. The cooperative now includes more than 8,200 True Value hardware stores, including about 940 combination True Values and V&S Variety Stores, plus an additional 1,100 V&S outlets. Fourteen warehouse distribution centers serve these stores, the newest operating in Woodland, Calif., and Hendersonville, N.C., with another being planned for Ocala, Fla., set to open in 1988.

Cotter's biggest sales come from California, with about 8% of the total, followed by Illinois with about 7%, Texas and New York with 6% each.

The company is putting increased emphasis on its own house brands. It manufactures paint, varnish, stains, lawn blowers and snowblowers, garden tillers and other lawn and garden supplies, space heaters and hot plates.

By merchandise category, hardware constituted 40.3% of Cotter's sales in 1986; home and garden maintenance supplies were 31.9%; variety goods 18.8%; appliances 9%. Some True Value stores also are adding new lines such as soft drinks and video rental. For 1986, Cotter's measured ad spending in 11 media was down 6.1% to $43.8 million.

Cotter's Tru-Test paint line, including paint, varnish and stain, received the biggest outlay in 1986 of any individual product line—$1.04 million—far more than in 1985. Cotter's biggest advertised line item is general promotion for True Value Stores, on which it spent $10.7 million in 1986, all in network radio.

Although Cotter announced its intention to energize V&S Variety Store promotion by hinging TV spending to V&S dealers' increased purchases from Cotter warehouses, it did no V&S advertising spending for 1986.

Direct mail continues as a major part of Cotter's promotion efforts. Local dealers circulate about 12 True Value and eight to 19 V&S catalogs annually. They are four-color rotogravure, varying from about 12 to 64 pages each.

Dealers build their own mailing lists, pick the fliers they want to use, then mail them in their local market area. Circulation totals 200 million a year.

These catalogs, like the rest of Cotter's advertising efforts, are the work of the company's in-house agency, Home Products Marketing. Chicago agency Christenson, Barclay & Shaw had been handling Cotter's print and Yellow Page advertising, but on Jan. 1, 1987, everything went in-house.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	6,055	6,752
Newsp. supps	56	0
Bus pubs	220	59
Network TV	12,331	14,656
Spot TV	11,562	13,126
Network radio	10,663	9,049
Spot radio	1,265	1,491
Outdoor	64	46
Network cable	1,588	1,492
Total measured	43,805	46,670
Unmeasured	23,465	25,000
Total	67,270	71,670

COTTER & CO.
2740 N. Clybourn Ave.
Chicago, Ill. 60614
(312) 975-2700

Corporate Personnel

John M. Cotter, chmn
Daniel A. Cotter, president-ceo

Marketing Personnel

Edward E. Lanctot, secretary, treasurer, merch mgr
Gary Coppinger, retail adv mgr

Advertising Agency

(In-house) Home Products Marketing, Chicago—all prod lines.

Daimler-Benz AG

RANK **105**

Stuttgart, W.Germany

($ in millions)

Worldwide	1986	1985	% chg
Sales	23,249	29,055	(20.0)
Net income	746	784	(4.8)
U.S. advertising	77	65	19.8

Mercedes-Benz of North America, the U.S. sales and distribution subsidiary of Daimler-Benz A.G., saw a rise in sales in the last few months of 1986, then a dip in the first few months of 1987, attributable to the change in U.S. tax laws that took effect Jan. 1, 1987.

The U.S. marketing arm claims about 66% of the U.S. ultraluxury car market—automobiles with price tags topping $30,000—with 99,314 in unit sales in the U.S in 1986. Total worldwide Mercedes production in 1986 was 594,080 passenger cars, up 9.8%.

Financial figures in the accompanying box were converted from Deutschemarks to dollars at the average annual exchange rate of 1DM=$0.4436, which was applied to both 1986 and 1985 to factor out the DM's year-to-year appreciation of 33% against the dollar. The U.S. sales noted in the box are for Daimler-Benz of North America Holding, New York, and represent a consolidation of North American operations including Mercedes-Benz of North America in Montvale, Mercedes-Benz Credit, Norwalk, Conn., and Freightliner, Portland.

Mercedes' U.S. unit sales were up 14% last year, led by the S-class sedan and coupe models. Although the company expects Americans' demand for imported cars to be somewhat weakened by the currency revaluation of the Deutschemark versus the U.S. dollar, Daimler will step up its passenger car production to more than 600,000 cars in 1987. The Montvale operation produced U.S. sales of $4.18 billion, up 29.7%.

Mercedes switched media strategies in 1986, with a major swing in ad dollars to newspapers, spot radio and network TV. Spending on network TV rose 44%, while newspaper spending increased 29.6% and spot radio rose 90%. Network cable TV buying also rose slightly. Magazine spending dropped 86%; spot TV experienced a 28.2% decline.

In the first six months of 1987, Mercedes returned to magazine spending. BAR/LNA shows a measured $5.9 million spent in that medium. Some $11.4 million has gone into network TV, $3 million into spot TV. The company already has spent $20.8 million on advertising this year. A reported $14.8 million was used to back passenger cars, with the 190, 300 and 560 series automobiles each receiving about $1.8 million in ad dollars in that period.

In July 1987, Daimler named its Deputy Chief Executive Edzard Reuter, to the post of chairman, following the announcement of Werner Breitschwerdt that he would take early retirement.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	23,340	18,008
Magazines	977	7,064
Newsp. supps	102	36
Bus. pubs	547	501
Network TV	25,183	17,422
Spot TV	3,424	4,390
Spot radio	3,542	325
Outdoor	84	23
Network cable	153	115
Total measured	57,351	47,884
Unmeasured	20,072	16,759
Total	77,423	64,643

MERCEDES-BENZ
OF NORTH AMERICA
One Mercedes Dr.
Montvale, N.J. 07645
(201) 573-0600

Corporate Personnel

Erich Krampe, president

Marketing Personnel

Hans Jordan, vp-mktg
Kevin Davidson, adv mgr

Advertising Agency

McCaffrey & McCall, New York—all models, Mercedes-Benz automobiles—William Metzger, vp-acct mgmt.

Dayton Hudson Corp.

RANK **123**

Minneapolis

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,259	8,255	12.2
Net income	255	281	(9.1)
U.S. advertising	67	68	(1.0)
Division sales	**1986**	**1985**	**% chg**
Target	4,355	3,932	10.8
Mervyn's	2,862	2,527	13.3
Department stores	1,566	1,448	8.2
Lechmere	476	349	36.3

A hostile takeover bid and the first earnings decline in 16 years combine to make this a critical time for Dayton Hudson Corp.

While sales grew 12.2% for the fiscal year ended Jan. 31, net earnings from continuing operations dropped 9.1%. (Consolidated earnings increased from $283.6 million to $310 million because of a gain from the sale of its B. Dalton Bookseller division.)

In June 1987, the company was further rocked when the Haft-family controlled Dart Group Corp. of Landover, Md., announced its intentions of acquiring Dayton Hudson. Several offers were made and rejected until the Hafts dropped their attempt last month after suffering heavy stock losses related to Black Monday events in the financial markets.

Dayton Hudson is the nation's sixth largest nonfood retailer in sales, operating 475 stores in 34 states. Retail operations are divided into four business segments: Target, Mervyn's, Dayton Hudson Department Store Co. and Lechmere.

The corporation's growth continues to come from Target and Mervyn's, its large-scale discount and value-priced operations. These two companies have contributed 89% of the corporation's growth in revenues over the past five years. Last year they accounted for 78% of revenues and 72% of operating profits, although Target significantly outperformed Mervyn's for the year.

Dayton Hudson's measured media spending—substantially all of it in spot TV—also reflects the importance of Target and Mervyn's. Together, the two companies spent $27.9 million on spot TV in 1986 out of a total TV spending of $31.5 million, according to BAR/LNA. This accounts for 77% of the corporation's $36 million in measured spending.

Target, with its mix of upscale discounting and private label merchandising, is the cornerstone of Dayton Hudson. Now in the midst of a major expansion program, Target recently acquired 54 Gemco stores for $374 million from Lucky Stores, opening major new markets in California. Target revenues rose 11%, and operating profit climbed 12%. By the end of this year, Target will be operating 320 stores.

Since the acquisition of Mervyn's in 1978, its sales have grown annually by 26% and operating profit by 28%, making Mervyn's the strongest contributor to Dayton Hudson's corporate growth rate. In 1986, however, sales and profitability began a downward slide that by the second quarter of 1987 had become, in the words of one analyst, "dismal." Fighting back, Mervyn's underwent major restructuring in 1986. Texas offices were closed, and the company centralized operations in Hayward, Calif. Further headquarters restructuring, redefined product lines, a new store prototype and 27 new store openings were all part of Mervyn's aggressive comeback campaign that produced mixed results. Revenues increased 13% in 1986, but operating profit declined 35%. By the end of 1987, Mervyn's will be operating 199 stores in 13 states.

Dayton Hudson Department Store Co. had a modest sales growth of 8%, but operating profits that rose 36%. The nation's second largest department store division, DHDSC fueled its efforts with a purchase-with-purchase promotion, a strategy that enables customers to buy a gift item if they purchase a certain amount of merchandise.

With the sale of B. Dalton, Dayton Hudson now concentrates its specialty retailing business with Lechmere, a hardline product store focusing on consumer electronics, major appliances, housewares and leisure equipment. Current expansion plans call for Lechmere to be operating 23 stores in eight states by the end of 1987.

Analysts at Paine Webber Mitchell & Hutchins pinpoint Lechmere as Dayton Hudson's fastest-growing division, with annual sales growth of 50% estimated through 1990; that would boost total sales to $2.2 billion by the end of the decade.

Listed as a superspecialty store is Branden's, a home furnishings store being tested in Miami, Jacksonville and Atlanta. The corporation will not release any figures on Branden's, but noted it will open 11 new stores by the end of 1989, with an emphasis on greater Miami. Based on results, Dayton Hudson will decide whether to launch Branden's nationally.

The corporation also tested a TV shopping system that operated for 13 weeks this spring. No figures have been released on the venture, and corporate officials decline to comment on Dayton Hudson's future involvement, if any.

Among several major corporate personnel changes, President-chief operating officer Boake Sells left in September to become chairman-ceo of Revco D.S., the nation's second largest drugstore chain. Bruce Allbright, chairman-ceo of Target, was quickly moved into Mr. Sells' position. Robert Ulrich was promoted from president-chief operating officer of Target to replace Mr. Allbright.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	163	113
Spot TV	31,526	32,903
Spot radio	4,128	2,979
Outdoor	197	394
Total measured	36,014	36,389
Unmeasured	30,937	31,259
Total	66,951	67,648

DAYTON HUDSON CORP.
777 Nicollet Mall
Minneapolis, Minn. 55402
(612) 370-6948
DAYTON HUDSON DEPARTMENT STORE CO.
Minneapolis
Marketing Personnel
John Pellegrene, sr vp-mktg
Daniel Stroman, dir-adv accts
Jack Mugan, dir-adv svcs
Advertising Agency
Campbell-Mithun, Minneapolis—Jeri Schottler, acct super.
LECHMERE
Woburn, Mass.
Marketing Personnel
Warren Feldberg, exec vp-mktg
Howard Benidt, sr vp-sales promo & adv
Janet Tyrrell, dir adv
Phyllis Wasserman, dir sales promo
Advertising Agency
Saffer Advertising, Toronto—Greg Crombie, vp-group dir; Sue Rudy, sr acct dir.
MERVYN'S
Hayward, Calif.
Marketing Personnel
Chuck West, vp-sales promo
Pat Holt, dir-print adv
Ruth Hines, dir-media/broadcast/adv
Ruth Lindley, dir-adv operations/planning
Advertising Agency
(In-house).
TARGET STORES
Minneapolis
Marketing Personnel
Sonja Larsen, sr vp-adv, sales promo & merch
Paul Higham, vp-adv
Karen Singer, dir-sales promo
Advertising Agency
Ruhr/Paragon Advertising—broadcast creative—Chuck Ruhr, president; Rosemary Svenpladsen, acct super.
Media Buying
Haworth Group, Minneapolis—broadcast placement—Tom Siqveland, vp.
BRANDEN'S
Minneapolis
Marketing Personnel
Frank Vincent, dir-adv, sales promo

MCA expands toy interests

MCA Inc. continues to bet on the toy industry. MCA, which owns a large percentage of LJN Toys stock, earlier this year, made an equity investment of $20 million in Coleco, giving it an equivalent 9% of Coleco's common shares.

De Beers Consolidated Mines Ltd.

RANK **188**

London

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,557	2,150	18.9
Net income	527	474	11.2
U.S. advertising	36	36	2.2

With U.S. diamond jewelry sales rising 10.2% to $9.7 billion in 1986 and worldwide retail sales growing 14% in 1986, DeBeers Consolidated Mines generated much of the activity and capitalized on the largess.

DeBeers marketing arm, London-based Central Selling Organization, markets more than 80% of the world's diamond production.

During the year, DeBeers increased its U.S. advertising spending by 2.2% to $36.4 million, some $30.3 million of that in measured media charted by BAR/LNA. Its unmeasured spending—point-of-sale and trade promotion including co-op programs—held at about $6 million in 1986, roughly the same as in 1985.

About 66% of the marketer's advertising budget continued to be channeled into print. In 1986, consumer magazine spending grew slightly to about $20 million from $19.4 million—the latter figure a $6 million-plus jump from 1984 levels. Network and spot TV spending also inched upward. DeBeers' network allocation hit $9.7 million, up about $100,000 from the preceding year, while spot TV rose even less.

DeBeers' total measured-media spending for diamonds advertising alone topped $27 million in 1986, up 12%. Another $468,000 in magazines backed a DeBeers gold promotion that was not done the previous year.

DeBeers' U.S. agency of 48 years, N W Ayer, says the theme line "A diamond is forever" remains after some 50 years, and the sub-theme "Diamonds are the gift of love" continued into 1986.

Breaking down DeBeers' print spending, Ayer officials say women's diamond jewelry in 1986 got 18% of that budget, while diamond engagement rings received 14% (down from 13% in 1985), diamonds for men 12% (even with 1985), an aspirational print drive 10%, diamond anniversary rings 7% (up from 5%) and "prestige jewelry" 5% (down 10% from 1985, when the category was labeled diamonds of one carat or more).

After aggressively boosting its co-operative ad program for jewelry retailers in 1985 to $5.5 million, the diamond giant last year cut the co-op phase back to $2.7 million; virtually all its co-op spending in both years was in magazines.

The marketer sold $2.56 billion in rough or uncut diamonds in 1986, up 18.9% over 1985. Financial data appearing in the accompanying box for both 1986 and 1985 were converted at the exchange rate of 1 Rand=$0.46. As global demand for its rough diamonds matched the output of its sources for the first time in many years, DeBeers says, it raised prices for rough diamonds twice in 1986, in May and November.

A total of 17.9 million pieces of diamond jewelry were sold in the U.S. during 1986, up from 17.5 million in 1985. The company says it is bullish on the sales outlook for synthetic diamonds coming from its Diamond Research Laboratory and for the sale of diamonds in 1987, particularly in the U.S. and Japan.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	19,988	19,366
Newsp. supps	75	161
Network TV	9,687	9,579
Spot TV	487	460
Network cable	16	32
Total measured	30,253	29,597
Unmeasured	6,133	6,000
Total	36,386	35,597

DEBEERS CONSOLIDATED MINES
c/o N W Ayer
1345 Avenue of the Americas
New York, N.Y. 10105
(212) 708-5000
Advertising Agency/
Marketing Personnel
N W Ayer, New York—George Eversman, exec vp-exec acct dir; Judy Laughren, sr vp-mgmt super; Nancy Robey, sr acct exec-diamond engagement rings/one carat or more, diamond engagement rings; Rachel Treitelman, sr acct exec-diamonds as gifts, men's diamonds; Marc Capra, vp-acct super; Joan Parker, sr vp-dir pr, diamond information center; Caroline Bodie, mgr, diamond information center; Earl Lynch, vp-dir, diamond promo svcs.

Domino's Pizza

RANK **169**

Ann Arbor, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,444	1,084	33.2
Net income	7	149	(95.2)
U.S. advertising	48	27	77.5

Delivery-specialist Domino's Pizza continued its explosive growth in 1986 as sales grew 33.2%, but the cost of financing that growth in the face of growing competition took a big bite out of profits.

Thomas Monaghan, company founder, chairman and president, admitted he was "not entirely satisfied" with 1986 results. But as a privately held company, Domino's was more concerned with market share than immediate profits, he says.

Domino's officials also blamed declining profits on the cost of financing its new $150 million Frank Lloyd Wright-inspired headquarters complex, the rising costs of delivery fleet insurance and the cost of new store openings. Domino's opened 766 outlets during the year, about two-thirds by franchisees, the other one-third corporate stores at a cost of $100,000 each.

Domino's, which had 102 stores in its string at the end of 1976, finished 1986 with 3,605 stores. That included 100 international units—in Canada, Australia, the U.K., Japan, West Germany, Hong Kong and Puerto Rico.

Since its founding in 1960, Mr. Monaghan has built Domino's into the No. 2 pizza chain, behind PepsiCo's Wichita, Kan.-based Pizza Hut, by perfecting the delivery process and concentrating on a simple menu: two or three sizes of pizza, with a maximum of 10 toppings, and one type of soft drink (Coke in corporate stores and most franchised outlets).

By the mid-1980s, Domino's had turned home delivery into the fastest-growing sector of fast food, capitalizing on the growing number of two-income households with the financial ability to eat out but the desire to stay home.

Pizza Hut, which built its empire with sit-down restaurants, joined the delivery fray by opening 450 delivery units by mid-1987.

Domino's established a tough standard for Pizza Hut and other competitors by promising delivery within 30 minutes. The company said that it brought average delivery time below 24 minutes in 1986.

Domino's didn't move into network TV advertising until 1985, and the company more than doubled its network spending in 1986.

The company introduced an animated clay character, the Noid, in its advertising in September 1986. The Noid, a Wiley Coyote-type character, is used to personify consumer fears that delivered pizza often arrives cold, squashed or stuck to the cardboard box. The Noid ruins other delivered pizza but is humorously foiled in Domino's spots.

The Noid registered high recognition, and its popularity among teenagers and pre-teens led Domino's to name a licensing agent, California Merchandising Concepts, North Hollywood, in mid-1987. Lines of dolls, clothes and other merchandise were due out by the end of the year. The Noid was created by Domino's national agency, Group 243, and by Will Vinton Productions, Portland, Ore.

Domino's retained the Noid in its advertising in 1987, upping the ante in September by promising a money-back refund or replacement pizza to any dissatisfied customer, as well as $3 off the price if delivery takes more than 30 minutes.

The company also boosted its TV advertising to $19.7 million in the first six months of 1987, up 47% from the same period in 1986, according to TvB. That made Domino's the eighth-largest TV spender in the restaurant/fast-food category.

Increased competition in the pizza segment also led Domino's to look for new customers by hiring its first hispanic agency, San Antonio, Texas-based Sosa & Associates, in June 1987. In doing so, Domino's was again taking a marketing cue from fast-food leader McDonald's Corp., Oak Brook, Ill. McDonald's cornered the hispanic market for burgers by being the first to target the segment a decade ago.

Domino's also owns the Detroit Tigers baseball team, acquired in October 1983 as Mr. Monaghan fulfilled "the biggest worldly goal I ever had."

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	143	0
Network TV	19,496	9,298
Spot TV	14,308	8,286
Spot radio	2,235	1,909
Outdoor	643	829
Network cable	364	1
Total measured	37,189	20,324
Unmeasured	11,300	7,000
Total	48,489	27,324

DOMINO'S PIZZA
Prairie House, Domino's Farms
30 Frank Lloyd Wright Drive
Ann Arbor, Mich. 48105
(313) 668-4000
Marketing Personnel
Sam Fine, div vp-mktg
Mike Raymond, dir-natl mktg
Ron Hingst, natl dir-pr
Margaret Olson-Cox, natl dir-mkt rsch
Advertising Agencies
Group 243, Ann Arbor, Mich.—Janet Muhle-

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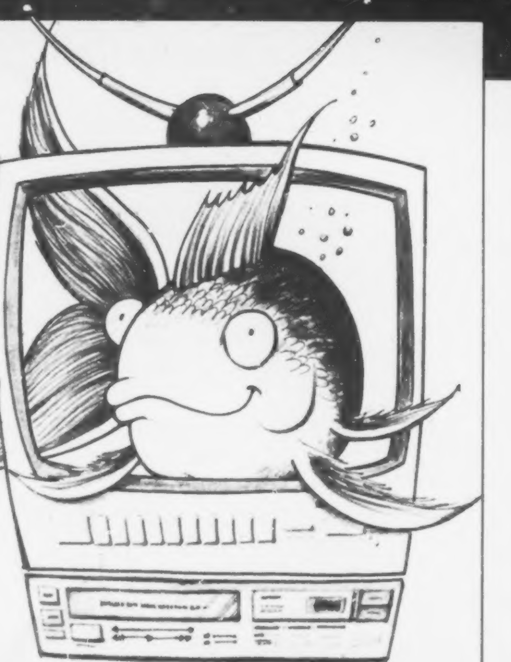

WHY BE A LITTLE FISH IN A BIG POND?

LAUREL-HATTIESBURG, MISSISSIPPI

TV, VCR AND TAPE SALES EARN HIGH RATINGS IN LAUREL/HATTIESBURG.
Laurel/Hattiesburg, Mississippi, outspends Buffalo, New York, the 35th-ranked HH ADI in the United States, for TV, VCR and Tape sales-per-household. By 1990, Total Retail Sales in Laurel/Hattiesburg are projected to increase 52%, outspending projected Total Retail Sales increases in Mississippi, the East South Central Region and the entire United States, proving that Laurel/Hattiesburg is truly a video marketer's mecca.

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We're the #1 station sign-on to sign-off. We have the facts, figures and programming, including the #1 news in the nation, to help your sales rate higher in the Southeast's picture-perfect market, too.

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BEAM COMMUNICATIONS

NBC WDAM-TV, NBC, Laurel/Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power - February 1987, Nielson
© 1987 Beam Communications

Represented by Katz Continental Television

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

man, president; Bruce Smith, genl mgr.

Sosa & Associates, San Antonio, Texas—hispanic mktg—Lionel Sosa, president; Al Aguilar, acct super.

Dow Jones & Co.

RANK **183**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	1,135	1,041	9.0
Net income	182	139	31.7
U.S. advertising	43	25	72.1
Division sales	**1986**	**1985**	**% chg**
Nat'l publications	757	709	6.8
Community newsp.	195	175	11.3
Info. services	126	102	23.1
Books	57	55	4.8

The current year has become only slightly better for Dow Jones & Co. flagship *Wall Street Journal*, but an extremely upbeat one for the newsweekly *Barron's*. *The Journal's* 1987 linage will finish "up in the neighborhood of 2%," according to Bernie Flanagan, Dow Jones' VP-marketing and a member of the management committee. *Barron's* linage, however, will grow approximitely 5-6% this year; the publication had an extremely strong third quarter in 1987.

The Journal's circulation is gaining slightly in 1987. For the six months ended Sept. 30, circulation went up 0.4% to 1,961,846, from the same period last year when it was 1,952,283. *Barron's'* ciculation ending June 30 was 295,113 vs. 283,504 during the same period last year for a 4% gain.

Dow Jones had a strong 1986, with revenues increasing 9% and net income up 31.7%. The community newspaper group (Ottaway) had a record revenue year, while the information division saw revenues increase 23% and income increase 134.2%-a major reason for the company's strong performance last year. Ottaway also had a solid boost in profit of 19% to $41.9 million. The average circulation of the dailies during the fourth quarter 1986 was about 562,700.

But a soft national advertising year and increased competition led to a drop in profits in the national newspaper group. Profits declined 1.2%.

The big news at Dow Jones last year was *The Journal*. The publication had a rare poor year. Ad lineage dropped 1.7% in 1986 and was actually down 7.4% in the first half of the year. 1986 circulation surpassed the 2 million mark (2,039,300) but then fell to under 2 million again this year. But in a weak market the strong get stronger and that's what happened at *The Journal*. The newspaper increased its shard of market to 38%. The share of market has increased another 2 points this year.

Subscriptions received the largest ad outlay-$17.4 million, 50% of it on network and spot TV, 34% on network radio and 14% on cable. *Barron's* subscriptions drew $1.7 million in ad spending in virtually the same media. The company's only major ad expenditure was $2 million backing *National Business Employment Weekly*.

At least two key personnel moves affected the company this year and last: long-time columnist and former editor Vermont Royster retired from DJ's board in April; Mr. Royster served as *The Journal's* editor from 1958 to 1971. In addition, Donald Macdonald vice-chairman, retired Dec.31. Mr. Macdonald headed the company's sales and marketing operations, among other activities, during his career.

The Journal's year was affected by many factors, but a great unknown is the October stock market crash. The paper's future as far as certain ad categories is concerned is uncertain. The paper had a strong '86-'87 in financial, computer, corporate and bank advertising. But it fell off in areas of general advertising. Automotive in 1987 did not grow over 1986 levels.

Classified advertising has been another area of concern, according to Mr. Flanagan. Because of a drop-off in white collar hiring, the paper's linage has also declined. Classified represents about 28% of the newspaper's total linage.

"Who the hell knows (what will happen) in 1988," says Mr. Flanagan. "If the market holds and everything says the way it was before the crash, it would look good. [Ad budgets] looked good before the crash, so I hestitate to guess."

In addition, sub-regional editions are seen as new growth areas. The paper will be adding a northeast edition in January; Chicago/Milwaukee will be added in March; and Washington/Baltimore will come in June. "These would add about 15% (in linage) by the end of 1988," Mr. Flanagan says.

The Journal continues to add "special reports" on a variety of subjects, such as politics, and the paper signed an agreement with NBC News to produce the early morning 15-minute program "Before Hours." It began in March.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,259	87
Magazines	1,801	2,594
Newsp. supps.	29	87
Bus. pubs.	2,630	2,683
Network TV	6,109	5,213
Spot TV	3,370	656
Network radio	6,708	3,808
Spot radio	2,810	1,607
Outdoor	104	0
Network cable	3,978	0
Total measured	28,799	16,735
Unmeasured	13,767	8,000
Total	42,566	24,735

DOW JONES & CO.
World Financial Center
200 Liberty Street
New York, N.Y. 10281
(212) 416-2000
Marketing Headquarters
420 Lexington Ave.
New York, N.Y. 10170
(212) 808-6600

Marketing Personnel

Bernard Flanagan, vp-mktg
Paul Atkinson, adv dir, *Wall Street Journal*
John Coston, mktg svcs dir, Dow Jones

Advertising Agencies

Jim Johnston Advertising, New York—James J. Johnston, chmn; Patricia C. Johnston, exec vp.

Fallon McElligott, Minneapolis—Fred Senn, mgmt super, dir-acct svcs; Bob Van Horn, acct super; Angela Weatherly, acct exec; David Sigel, asst acct exec.

Faberge Incorporated

RANK **191**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	423	483	(12.4)
Net income	61	45	37.3
U.S. advertising	36	36	0.2
Division sales	**1986**	**1985**	**% chg**
Fragarences	271	236	14.9
Apparel	191	176	8.6
Licensing	12	11	5.3
Other	9	N/A	N/A

Faberge Incorporated in April 1987 became the new name of the McGregor Corp., formerly a subsidiary of Rapid-American Corp., New York. But the company's big news in 1986 came when privately held Faberge picked up the scent of Eli Lilly's Elizabeth Arden unit, winning that fragrance marketer for $700 million.

Ad spending at Faberge bloomed in 1986 and will continue to grow in 1987, according to Chairman Dan Manella. Including a full-year's worth of Arden advertising, 1986 spending totaled an estimated $36 million, with $19 million coming from measured media—virtually the same as in 1985 when merging figures for the two companies.

Pushing ad spending up in 1987 has been the introduction of five new products, handled by Bozell, Jacobs, Kenyon & Eckhardt, New York. The products, in varying phases of introduction, are the Jose Eber Beverly Hills haircare line and an unnamed women's fragrance and hair regimen. Still under consideration is a deodorant. The fifth product line, McGregor Cologne and Aftershave for Men, was assigned to Smith/Greenland, New York, for a $3 million campaign.

The spending increases predicted by Mr. Manella were in synch with most beauty marketers—including Chesebrough-Pond's Aziza, Maybelline Co., Beecham Cosmetics and Mennen Co.—who raised their ad budgets 20 to 60% in 1986. The market in general improved, prompting both Faberge and its competitors to accelerate new product launches that were postponed a year earlier.

In an unusual move for the cosmetics industry, Faberge is moving toward a regional marketing approach for its Organics line in 1987. Measured spending for the line in 1986 was only $2 million. The company says it will put $10 million in advertising behind its Aqua Net shampoo, up from a projected $7 to $8 million in 1986. In early 1986, the company signed Donna Mills, star of "Knots Landing," to endorse Aqua Net. The TV actress also was named "fashion and beauty director" for the company.

Elizabeth Arden, which billed $5 million under Eli Lilly & Co. ownership, had been handled in-house, but Mr. Manella says it's likely Faberge would look for a full-service agency for Arden. No decision had been reached at presstime.

Faberge, which first hinted in early 1986 it was hunting for a fragrance acquisition, was up against some heavy competition in the bidding for Arden, which had 1986 sales of $398 million and operating profits of $36.2 million. Analysts say Faberge paid 1.7 times 1987 estimated sales in beating out Avon's bid of $550 million and E.M. Warburg Pincus' $600 million. Arden's financial totals are not included in the accompanying box. Arden, which holds an estimated 4.9% of department store share, should bolster Faberge's presence in that market. Estee Lauder leads the department store market with 37%, followed by Cosmair and Revlon. Avon's share is dead on with Arden, analysts say. Arden's recent new product successes include Lip Fix and Fendi, a women's fragrance, and the company has a significant business in its Maine Chance salons.

In 1986, Faberge relaunched its Tigress fragrance with a $1.5 million effort via BJK&E. The company also is said to be readying a relaunch of its Aphrodisia, Kiki and Woodhue fragrances.

In 1986, Faberge's measured total in magazine spending increased to $16 million from $11.3 million in 1985. Spot TV plummeted from $9.5 million in 1985 to $1 million in 1986, mainly due to a drop in spending for Faberge Organics Shampoo and Brut cologne.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	10,685	7,244
Newsp. supps.	110	203
Bus. pubs.	182	136
Network TV	5,023	3,352
Spot TV	1,920	6,590
Network radio	224	158
Spot radio	102	524
Outdoor	17	0
Network cable	780	656
Total measured	18,952	18,864
Unmeasured	17,000	17,000
Total	35,952	35,864

FABERGE INCORPORATED
725 Fifth Ave., 17th Floor
New York, N.Y. 10022
(212) 735-9300

Corporate Personnel

Daniel Manella, chmn-ceo
Henry O. Dow, president, Faberge USA, toiletries div
Mark Goldston, exec vp-mktg, Faberge USA

McGREGOR APPAREL GROUP

Corporate Personnel

Alan Lite, president, Billy the Kid Clothes
Ross Castagne, president, Anvil Knitwear
John Siegel, president, Jody Tottique
Robert Apels, president, Wonderknit Scoreboard
Larry Glazer, president, Tailored Clothing
Bernard Geller, president, Knitwear Group
Robert Fink, president, Gilead Manufacturing

GLOBAL LICENSING INC.

Corporate Personnel

Suzan Rosenholtz, president

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—McGregor Apparel (Billy the kid, Anvil Knitwear, Botany 500, Wonderknit Scoreboard, Tailored Clothing, Knitwear Group), Fragrances (Brut, Babe, Tigress, Aqua Net, Jose Eber)—Robert Verdugo, vp-acct super; Caley Shaffer, Randy Winter, acct execs.

Smith/Greenland, New York—McGregor Cologne and Aftershave—Bert Rosenberg, exec vp; Susan Zerim, acct super.

Federal Express Corp.

RANK **186**

Memphis, Tenn.

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	3,178	2,573	23.5
Net income	(66)	132	(149.7)
U.S. advertising	40	50	(20.0)

Federal Express Co. dropped 20% in advertising expenses in 1986 as the company continued to concentrate spending on improving domestic service and expanding its presence overseas.

As competition got tougher, with more express mail services able to deliver anywhere in the U.S., Federal is fighting back by continuing to improve its technology for more reliable and efficient service. Such improvements include expanding its aircraft fleet, increasing package flow at hubs, adding more business centers and drive-through kiosks and using a computer tracking system that locates a package's whereabouts at any time during transfer.

The company is also waiting for final approval from the U.S. Dept. of Transportation giving it exclusive rights to fly aircraft from the U.S. into Japan for package delivery. With this grant, Federal hopes to chip away at DHL—the leading international express mail company, with a 45% share of a market expected to reach $4.5 billion by the end of 1988.

The company has made progress internationally through acquisitions that have given it 100% delivery coverage in the British Isles, expansion throughout Canada and sizable operations in Belgium, France, West Germany, the Netherlands and Switzerland.

Federal suffered a net loss of $66 million for 1986 caused primarily by the discontinuation of its ZapMail facsimile transmission operations.

ZapMail, introduced in 1984, had drained the company of $317 million in operating losses by the time it was scrapped. Fallon McElligott, the agency for the ZapMail account, was preparing for a major ad effort estimated at $10 million just prior to the demise.

Fallon in the meantime had replaced Ally Gargano/MCA Advertising on the estimated $20 million account, ending a 13-year relationship in which Ally played a major role in establishing Federal as the No. 1 express mail service with award-winning commercials directed in the early 1980's by Joseph Sedelmaier.

Advertising for the company is expected to increase substantially for 1988 as Fallon works on a campaign that is expected to be geared against DHL internationally and UPS domestically.

Federal signed on as a major advertiser for the 1988 Winter and Summer Olympics. It will sponsor a "Celebration of Medal Winners" each night of the games.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	332	3,258
Magazines	3,055	4,251
Bus. pubs.	301	660
Network TV	13,679	16,605
Spot TV	8,843	6,432
Spot radio	160	1,916
Network cable	284	179
Total measured	26,652	33,301
Unmeasured	13,606	17,000
Total	40,258	50,301

FEDERAL EXPRESS CORP.
Memphis International
Airport
2990 Airways Blvd.
Memphis, Tenn. 38131
(901) 369-3600

Marketing Personnel

Carole A. Presley, sr vp-mktg
Thomas R. Oliver, sr vp-sales & customer svc

Advertising Agencies

Fallon McElligott, Minneapolis—Joe Culligan, mgmt super; Eric Bloch, John Delany, acct supers; Ann Nerland, Mike Buchner, Shelly Sipple, acct execs; John Anderson, asst acct exec.

First Brands Corp.

RANK **129**

Danbury, Conn.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	837	N/A	N/A
Net income	N/A	N/A	N/A
U.S. advertising	65	62	4.6

Operating in its first year outside the aegis of Union Carbide, First Brands Corp.—marketer of Prestone, STP and Glad Bags—is experimenting with marketing innovations. These include offering a one-year radiator guarantee for customers using its Prestone antifreeze.

First Brands in calendar year 1986 spent an estimated $64.8 million on advertising, up 4.6% from 1985. Of the total, about $35 million was in measured media. The bulk of measured expenditures—some $28.5 million—was spent on network TV. Nearly $5 million went for spot TV.

In its marketing efforts for Prestone and STP, First Brands is appealing to sports fans, mostly male. Starting in July 1986 and scheduled to run through January 1988 is a campaign touting its radiator guarantee. Its Prestone line of antifreeze and coolant gobbled up $9.1 million in advertising in calendar 1986, an increase of 14%.

STP ads feature an actual pit stop at Indianapolis with the STP Indy car and STP's driver, Roberto Guerrero. STP drew $5.5 million in advertising in 1986, down 18% from 1985.

First Brands claims Prestone this year is holding onto its position as the largest-selling antifreeze. The company also cites a 51% share of the market for STP oil additives and 47% for gas treatment at discount department stores.

The company also introduced products this year to treat transmissions and to clean fuel injectors. And its Simoniz line launched a soft wax that requires less elbow grease than the traditional product.

The company's household product line of Glad bags enjoys a 30% share of the $1.4-billion plastic wrap and bag market at food outlets, First Brands says, and its share of the $400 million market at hardware, general merchandise, discount and drugstores is also "significant."

First Brands, which had been the consumer division of Union Carbide until July 1986, concedes that Carbide wanted to reduce the assets that could be attached by the victims of the Bhopal chemical leak. Union Carbide explained it wanted funds from the sale of its lucrative consumer products to fend off a hostile and expensive takeover bid by GAF Corp. Funds were used to buy back its own shares.

Carbide also sold its Eveready battery line to Ralston Purina Co.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	119	538
Magazines	251	843
Bus pubs	242	334
Network TV	28,510	20,832
Spot TV	4,683	9,284
Network radio	587	1,032
Network cable	439	1,116
Total measured	34,831	33,977
Unmeasured	30,000	28,000
Total	64,831	61,977

FIRST BRANDS CORP.
39 Old Ridgebury Rd.
Danbury, Conn. 06817
(203) 790-5556

AUTOMOTIVE DIVISION

Marketing Personnel

Robert Cassidy, exec vp
Rick Bowen, vp, dir-mktg
Dave Lundstedt, mktg mgr, Prestone
Paul Nigro, STP, Simoniz
Stuart E. Benedict, dir-adv & promo

GLAD PRODUCTS DIVISION

Marketing Personnel

George Vestal, exec vp
Dave Smith, vp, dir-mktg
Jim Moore, mktg mgr, food prods
Pat O'Brien, mktg mgr, Outdoor Disposer
Dennis Mullen, Indoor Disposer/Handle-Tie Bags

Advertising Agencies

Leo Burnett USA, Chicago—Plastic Wrap, Plastic Bags—Bill Haljun, acct dir; Lenny Novick, acct exec, Glad Lock; Rishad Tabaccawala, Glad indoor/outdoor; Janine Baretta, asst acct exec.

Young & Rubicam, New York—Prestone, STP, Simoniz—Bob Gleckler, mgmt super; Ed Concannon, vp-acct super, Prestone; Kathy Schneider, vp-acct super, STP, Simoniz; Yanna Morale, acct exec, STP, Simoniz; Peter Wenner, acct coord; Bob Cox, group creative dir.

Franklin Mint

RANK **162**

Franklin Center, Pa.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	500	N/A	N/A
Net income	N/A	N/A	N/A
U.S. advertising	51	46	8.8

Franklin Mint this year embarked on an aggressive advertising campaign, almost all of it direct response, and markedly boosted the sale of its collectibles.

Although this privately held company

does not release sales figures, sources close to the Mint estimate 1986 sales approached $500 million.

The Mint pours most of its advertising dollars into upscale magazines. If a pitch works in print, it may then be tried on TV, much of it cable.

John W. Wilkey, director of public relations, says his company has found the formula to make direct marketing work. He says revenue from direct marketing is growing at a rate 10 times that of retail. "The adage that direct response couldn't sell $10 products off the page doesn't work anymore," he says.

Franklin Mint remains a subsidiary of American Protection Industries, a security and luxury products company, based in Los Angeles. Stewart and Lynda Resnick are co-owners of API and chairman and exec VP, respectively, of the Mint.

The Mint is changing from offering simply "collectibles"—including coins and its $120 sterling-plated model of the Rolls-Royce Silver Ghost—to what are called "desirables." These are items, according to Mr. Wilkey, that can be enjoyed today as well as passed on "with pride" to future generations. Included are high-fashion jewelry, upscale home decor, tabletop accessories and porcelain collector dolls.

The company divides its operations into five distinct marketing divisions: female collectibles, male collectibles, functional home decor, jewelry and the Franklin Library.

The Mint reports 1986 advertising expenses of $105 million. The vast majority of it is handled in-house under Thomas Durovsik, a young refugee from the Pepsi-Cola Bottling Group of New York. He has brought some of the new-wave sizzle of Pepsi marketing to the Main Line confines of Franklin Mint. He's been quoted as saying the selling of the Mint's products, focusing solely on the product and not the corporate image, is the "purest form of marketing."

Of the ad cost total, the company spent $39.7 million in measured media. The bulk of the spending—$35.5 million—was in magazines, newspaper supplements and newspapers. The Mint spent $2.6 million on spot TV, another $1.6 million on cable and only a pittance on network TV.

The 1986 BAR/LNA figures, which monitor brand spending by media, show most of the effort—$15.6 million—devoted to selling the porcelain collection. Franklin Mint Collections received $12 million; books got $2.6 million, and nearly $2 million went for jewelry. Total spending in 1986, according to this index, was up 10% over the year before. Local newspaper advertising, particularly in newspaper supplements, is not included in the BAR/LNA figures.

The Mint is not only an advertiser, it's now providing an advertising vehicle for others. Franklin Mint's "Almanac," a bimonthly, 1 million circulation magazine for collectors, takes ads for products that don't compete with what the Mint itself is selling. The 52-page "Almanac" limits advertising space to 12 pages. A color page goes for $25,000.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,298	6,960
Magazines	18,674	16,349
Newsp. supps.	9,505	8,741
Bus. pubs.	25	55
Network TV	3	13
Spot TV	2,568	2,821
Network cable	1,578	1,511
Total measured	39,651	36,450
Unmeasured	10,878	10,000
Total	50,530	46,450

THE FRANKLIN MINT
U.S. Route 1
Franklin Center, Pa. 19091
(215) 459-6000

Corporate Personnel

Stewart Resnick, chmn

Marketing Personnel

Lynda Resnick, exec vp-mktg
Martin Breisblatt, vp-mktg
Alan Beer, vp-media
Michael Burgess, vp-media mgmt

Advertising Agency

(In-house).

Griffin-Bacal, New York—Mary Sue Robinson, vp-mgmt super; Lenny Leokum, sr vp-creative dir; Maurice Mahler, Lois Sandberg, vps-assoc creative dirs.

Pills pull less ad weight

Carter's Little Pills—which gave birth to Carter-Wallace—continue to record higher sales says the company, but attract little advertising. In 1986, for example, only $150,000 was spent in measured advertising on the laxative, up from $90,100 in 1985, according to BAR/LNA.

Fruit of the Loom

Chicago

RANK **173**

($ in millions)

Worldwide	1986	1985	% chg
Sales	693	N/A	N/A
Net income	12	N/A	N/A
U.S. advertising	46	36	29.1

Fruit of the Loom, the nation's largest producer of underwear, remains locked in a head-to-head marketing war with archrival Hanes Knitwear.

The No. 1 and No. 2 players in the $1 billion men's and boy's underwear business during 1986 and 1987 each waged offensives, which included the introductions of improved products, price cutting and comparative advertising. At one point in 1986, the battle of the briefs even landed in federal court, where each side argued the other was using unsubstantiated ad claims.

The competition between Fruit of the Loom and Hanes heated up in the wake of more aggressive marketing tactics by Hanes, a unit of Chicago-based Sara Lee Corp. The two traded shots in advertising, Hanes starting it off claiming its undershirts shrank 38% less than Fruit of the Loom's, following by a Fruit of the Loom claim that its underwear was preferred 2-to-1 over Hanes. Hanes increased its slice of the men's and boy's underwear business in 1986 to 20.3% from 18.3%. During the same period, Fruit of the Loom's share fell to 34.4% from 37.9%. During this time, Fruit of the Loom was in transition. William Farley gained control in a leveraged buyout in 1985 of Northwest Industries, Fruit of the Loom's former parent. Then in 1987 Fruit of the Loom became a publicly held company.

Market share is crucial to the basic underwear business because the market as a whole is relatively flat, growing roughly 2% per year.

Fruit of the Loom's combined measured advertising in 1986 for men's and boy's underwear hit $12.4 million, compared with about $11 million in 1985. A hefty increase is expected for this year. Fruit of the Loom also markets a more expensive underwear under the name BVD. Last year, total net sales of Fruit of the Loom increased 21% to $692.9 million.

Most of that growth has come from newer products, such as women's underwear and T-shirts specially designed for silk screening. Sales of women's and girl's underwear rose 43% to $31.2 million. Fruit of the Loom purchased two hosiery makers in 1986, and this year the firm began to market aggressively a family line of socks. It hopes to become a major player in this fragmented business.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	353	0
Magazines	6,198	3,711
Newsp. supps.	161	349
Bus. pubs.	67	0
Network TV	16,890	13,307
Spot TV	2,673	2,477
Outdoor	69	96
Total measured	26,410	19,940
Unmeasured	20,000	16,000
Total	46,410	35,940

FRUIT OF THE LOOM
233 S. Wacker Dr.
6300 Sears Tower
Chicago, Ill. 60606

Corporate Personnel

William Farley, chmn
Jack Albertine, vice chmn

Advertising Agency

Grey Advertising, New York—Steven Dammers, sr vp.

FRUIT OF THE LOOM
Bowling Green, Ky.

Marketing Personnel

David Drescher, exec vp-mktg

Advertising Agencies

Grey Advertising, New York—Fruit of the Loom men's & boy's underwear, Fruit of the Loom Daywear for Women, Fruit of the Loom Hosiery—Steve Dammers, sr vp.

Keller Crescent Co., Evansville, Ind.—Fruit of the Loom Screen Stars, printable T-shirts, Fruit of the Loom Activewear—Dan Minton, acct super.

Warwick Advertising, New York—BVD men's and boy's underwear—Sean Driscoll, group sr vp.

Fuji Heavy Industries

Tokyo

RANK **144**

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,279	3,742	14.4
Net income	72	83	(13.3)
U.S.	**1986**	**1985**	**% chg**
Sales	1,939	1,502	29.1
Net income	94	77	21.9
Advertising	59	41	43.2
Division sales	**1986**	**1985**	**% chg**
Auto	3,639	3,119	16.7
Aircraft	213	202	5.4
Buses	172	161	6.8
Engines	150	146	2.7
Rolling Stock	105	115	(8.7)

Subaru of America, whose niche in the U.S. is the four-wheel-drive market, is seeking to strengthen its leadership position by offering cash incentives to both dealers and buyers for certain models in 1987. The company also is adding four-wheel drive technology in 1988 to its 1987 low-end intro, the Justy.

Subaru is the U.S. distributor for Fuji Heavy Industries, Tokyo, whose fiscal year results are reported in the accompanying box. While sales were up, profits dropped more than 13% in the year; returns were adversely affected by the appreciation of the yen. Figures for both fiscal years were converted at the rate of Y179.6=U.S.$1.

Subaru sold a record 183,242 vehicles in 1986, a 2.8% increase from the previous year's total of 178,175 units, according to Khalad Abdel-Majeed, international auto analyst at Drexel Burnham Lambert.

Subaru continued to spend heavily on network and spot TV, magazine and newspaper advertising. In 1986, these four media accounted for nearly 90% of Subaru's measured expenses. Total advertising expenditures rose 43%, to almost $59 million.

Subaru's share of the total U.S. car market remained the same in 1986, holding at 1.6%. Its share of the total import car market, however, dropped from 6.3% to 5.7%. This places Subaru behind other Japanese importers including Toyota (31.5%), Nissan (22%), Honda (12.4%) and Mazda (11.6%), according to *Automotive News 1987 Market Data Guide*.

The Pennsauken, N.J.-based company is quick to note that its share of sales in the snow belt and rural areas remains high. According to its figures, Subaru is the top-selling imported passenger car in Maine, Vermont, Alaska and West Virginia, and it has a 17.5% share of the Japanese import market in the New England states. The company also says its share of the total U.S. four-wheel-drive passenger car market is roughly 54%.

During the first nine months of this year, unit sales were slightly behind the 1986 pace. Through September 30, Subaru sold 130,572 vehicles, a 6.9% drop from the same period in 1986.

In an effort to boost sales, Subaru initiated several programs. In February, the company offered Subaru dealers cash incentives ranging from $500 to $1,200 per vehicle on the sale of selected models. And in April, Subaru offered direct cash rebates of up to $1,500 to buyers of certain models.

In January 1987, Subaru introduced the 1.2 liter, three-cylinder Justy, the company's entry into the crowded low-end market. Like the Hyundai Excel from South Korea and VW's Brazilian-made Fox, the Justy is priced at less than $6,000.

The 1987 Subaru sedan and wagon line featured changes in body structure, engine, transmission and drivetrain. New model/trim combinations also were added.

Two 1987½ models were introduced. The white-on-white, three-door coupe limited edition RX model featured full-time four-wheel drive and a turbo-powered engine. The XT received cosmetic and technical changes at mid-year, including a four-speed electronic automatic transmission and full-time four-wheel-drive systems.

Subaru will be able to increase the number of cars it can sell in the U.S when its $500 million manufacturing plant being built in Lafayette, Ind.—a joint venture with Isuzu Motors—begins operating in 1989. The facility initially will have the capacity to assemble 60,000 Isuzu trucks and 60,000 Subaru cars.

In 1986 the company established a U.S. design center adjacent to its technical facility in Garden Grove, Calif.

Subaru entered its second decade as the official car of the U.S. Ski Team.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,211	4,321
Magazines	8,680	5,505
Bus. pubs.	10	44
Network TV	14,072	10,524
Spot TV	9,386	7,261
Spot radio	3,253	727
Outdoor	270	196
Network cable	652	426
Total measured	41,534	29,004
Unmeasured	17,184	12,000
Total	58,718	41,004

SUBARU OF AMERICA
7040 Central Highway
Pennsauken, N.J. 08109
(609) 488-8500

Corporate Personnel

Marvin Riesenbach, exec vp

Marketing Personnel

Doug Mahin, group vp-sales & mktg
Robert J. Whitehead, group vp, prod engineering
Dave L. Sippel, vp-mktg
Eugene Egan, vp-sales
Paul Utans, vp-govt affairs
Christopher Wackman, dir-adv svcs

Advertising Agency

Levine, Huntley, Schmidt & Beaver, New York—Michael Elkisch, vp-acct mgmt; Terry Bonaccolta, sr vp-group dir; Bernie Lanigan, Jerry Noonan, acct supers; Elaine Romano, acct exec; Cheri Stern, asst acct exec.

Diamond lustre clouds

Unlike the 26% dollar jump in 1984-85 in sales of diamonds for men, 1986 sales stayed even at 1.95 million units at $1.3 billion retail, says DeBeers.

Palm Beach Is A Media Buyer's Paradise.
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1990
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2000
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Sand Dollars – The Palm Beach County MSA features the 9th largest per capita income in the nation.

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Gorgeous Growth – 200,000 new residents moved to the Palm Beaches over the last 6 years, putting today's adult population over 635,000.

The Palm Beach Post has over 408,000 weekday readers, and 426,000 Sunday readers – more than all other area papers combined! If you would like to know more about the Palm Beach MSA, call our marketing department at 305-837-4218 for a free videocassette, "Palm Beach County: Map to the Future," customized research, or answers to any of your media/marketing questions.

Represented Nationally by
Sawyer-Ferguson-Walker Company, Inc.
Miami (305) 573-6768
Atlanta (404) 261-1362
New York (212) 661-6262

All data are from recognized national and regional sources.

Gulf + Western Industries

RANK **119**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,781	3,321	13.9
Net income	267	248	7.6
U.S.	**1986**	**1985**	**% chg**
Sales	3,575	3,097	15.4
Operating profits	265	238	11.3
Advertising	69	58	17.3
Division sales	**1986**	**1985**	**% chg**
Publishing & info	949	798	18.9
Entertainment	1,145	1,063	7.7
Financial services	1,687	1,460	15.6

Gulf + Western's transformation from a highly diversified company into one that focuses on three areas—entertainment, financial services and publishing/information services—proved successful in 1986, with all three areas posting record operating income.

The company's largest advertiser, Paramount Pictures Corp., had a particularly strong year. Its films accounted for 21% of the country's total box office gross, generating $600 million. It also accounted for 73%, or $30 million, of total measured advertising at Gulf + Western.

The company spends heavily on promoting its films. The No. 1 box office success of 1986 was "Top Gun," on which Paramount spent $4.12 million for advertising. Paramount released "Top Gun" on cassette in March 1987, spending $11 million—millions more than any previous promotional spending for a new videocassette. Some of the budget came from Pepsi, which has a Diet Pepsi commercial running before the movie.

Paramount also continued its price reduction strategy, offering "Top Gun" for $26.95.

The company's advertising spending for its 15 feature films in 1986 was about the same as the previous year's, with more money being spent on network TV. Paramount recently moved its marketing headquarters to Los Angeles from New York, eliminating 20 agencies from its roster but leaving at least 25 agencies to handle an estimated $20 million in local business, including media buying and promotions in their markets. Paramount executives deny any future changes would affect the studio's estimated $50 million national buying account handled by AC&R/DHB & BESS in Los Angeles.

Paramount's future in film looks bright thanks to arrangements with key talent such as Eddie Murphy and ownership rights in movie gold mines such as "Star Trek."

Gulf + Western joined the trend among producers to buy movie houses when it acquired three theater chains for $285 million in 1986.

On the television side, Paramount has failed to come up with any new super hits since 1983. The company appears to be backing away from advertising its TV programs in magazines—its prime ad vehicle in 1985—spending only half as much on such advertising in 1986 as the year before.

The Madison Square Garden Corp., part of this division, recently reorganized its operations as part of planned construction of a new sports and entertainment complex in New York.

In the publishing and information division, Gulf + Western is moving its bestseller mill, Simon & Schuster Inc., more into educational publications and information services. As a result, its ad spending is nil. In December 1986, Simon & Schuster acquired Infosearch for an undisclosed price. Infosearch provides document searches and filing services for law firms and financial institutions.

B&D buys growth

S. Duncan Black and Alonzo G. Decker Sr. founded Black & Decker in 1910 as the Black & Decker Manufacturing Co. The company has grown through acquisition, including: De Walt Inc. in 1964, Wisconsin Knife Works in 1971, McCulloch Corp. in 1973 (but divested in 1983), General Electric Co.'s small appliance operations in 1984, and American Emblem Tool Co. in 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,938	2,250
Magazines	2,640	2,016
Newsp. supps.	38	36
Bus. pubs.	7	177
Network TV	9,405	2,610
Spot TV	23,915	17,020
Network radio	214	325
Spot radio	395	1,149
Outdoor	45	188
Network cable	1,738	2,143
Total measured	41,335	27,913
Unmeasured	27,300	30,584
Total	68,635	58,497

GULF + WESTERN
One Gulf + Western Plaza
New York, N.Y. 10023-7780
(212) 373-8000

Corporate Personnel

Jerry Sherman, vp-corp comm

ENTERTAINMENT GROUP
PARAMOUNT PICTURES CORP.

Corporate Personnel

Deborah Rosen, vp-corp comm

MOTION PICTURE GROUP

Marketing Personnel

Barry London, president, mktg & domestic distribution
Sidney Ganis, president, worldwide mktg
Mardi Marans, exec vp
Nancy Goliger, exec vp-creative mktg affairs
Thomas Campanella, sr vp-adv
Robert Dorfman, sr vp, publicity & adv
Diana Widom, sr vp-publicity & promo
Ron Hein, vp-admin
Cheryl Boone Isaacs, vp-publicity
Leslie Pound, vp-intl mktg
David S. Rosenbaum, vp-legal affairs
Margaret Young, vp-licensing

TELEVISION GROUP

Marketing Personnel

Mel Harris, president
Lucille Salhany, president, domestic tv & video programming
Steven Goldman, exec vp-sales & mktg
Meryl Cohen, vp-adv & promo
Robert Dahill, vp-adv program sales
Hollace Brown, vp-adv & sales promo, home video
Eric Doctorow, vp-sales & mktg, home video

Advertising Agency

AC&R/DHB & BESS, New York—Cheryl Lodinger, sr vp-acct super; Ernie Shapiro, acct vp; Norman Trell, exec vp-media.

MADISON SQUARE GARDEN CORP.

Marketing Personnel

Michael Walker, sr vp-mktg & comm

MSG CENTER

Marketing Personnel

Robert Goldwater, vp-mktg

Advertising Agency

(In-house) MSG Advertising.

MSG NETWORK

Marketing Personnel

Linda Burns, vp-mktg

Advertising Agency

Grey Entertainment & Media, New York—MSG Network—Al Lieberman, president; Ed Ritchkoff, mgmt super; Lee Berke, acct mgr.

PUBLISHING & INFORMATION SERVICES GROUP
SIMON & SCHUSTER

Corporate Personnel

Providence Cicero, dir-corp comm

Marketing Personnel

Strome Lamon, vp, adv dir, Simon & Schuster Trade
Mary Gartland, adv coord, Simon & Schuster Trade
Pat Cool, adv dir, Pocket Books
John Rosen, vp-mktg, Prentice Hall Trade div
Debra Miller, assoc mktg dir, Simon & Schuster Software
Pam Byers, mktg dir, Simon & Schuster Reference div
Ruth Stone, vp-adv & pr, Professional Information Group

Advertising Agencies

Franklin Spier, New York—Simon & Schuster Trade—Alix Nelson, president-creative dir; David Cathirs, acct exec; Kathleen Kelly, asst acct exec.

Jameson Advertising, New York—Pocket Books—Elissa Cohen, acct exec; Sonni Gross, adv promo mgr.

Ogilvy & Mather, New York—Simon & Schuster Software—Liza Gyllenhall, acct exec.

Penchina, Selkowitz, New York—Professional Information Group—Arthur Selkowitz, president.

Sussman & Sugar, New York—Simon & Schuster Reference div—Shelley Himmelstein, asst acct exec.

FINANCIAL SERVICES GROUP
ASSOCIATES CORP. OF NORTH AMERICA

Corporate personnel

Frederick H. Stern, sr vp-corp comm

ASSOCIATES CONSUMER FINANCIAL SERVICES

Marketing Personnel

Michael J. Carney, sr vp-consumer mktg/training
Harry Polly, vp-adv
Dave Mikels, sr vp-devel svcs, mktg /training

ASSOCIATES COMMERCIAL CORP.

Marketing Personnel

John K. Brown, sr vp-commercial mktg
Clifton B. Noble, vp-corp mktg svcs
David F. Edwards, sr vp-transportation mktg
Robert C. Miramonti, sr vp-equipment mktg
Jon Romas, vp-comm mktg
Stephen J. Larkin, vp-fleet leasing mktg
Lee J. Crittenden, vp-corp comm

Advertising Agency

Grant/Jacoby, Chicago—Philip Petrik, acct super; Greg Padovani, acct exec.

Hallmark Cards

RANK **145**

Kansas City, Mo.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,000	2,000	0.0
Net income	N/A	N/A	N/A
U.S. advertising	58	42	39.3

Hallmark Cards, the company that got its start selling postcards, branched out in the "social expression" field in 1986, then moved into broadcast by purchasing 10 television stations.

Privately owned Hallmark and its Ambassador Cards division control more than 40% of the $3.6 billion greeting card market, followed by American Greetings, Cleveland, with a 30% to 35% share, and Gibson Greetings, Cincinnati, 10% to 12%.

More than 21,000 retail outlets carry Hallmark cards, half of which are gift and stationery shops; the other half are department and drugstores. Hallmark owns 160 of its own outlets.

Ambassador Cards was founded in 1959, and the products are sold through 16,000 chain groceries and other mass-market outlets. A separate staff produces and markets the Ambassador line, which Hallmark describes as the third-biggest greeting card seller with 1986 sales of $310 million.

Total measured spending rose 39% to $34 million from 1985 to 1986, as total advertising rose 41%. Of the measured total, the company spent $20.1 million advertising its card lines, up 19% from 1985.

The greeting card industry is shifting moods from conservative to nontraditional, and Hallmark is no exception. Last year the company introduced its Shoebox Greetings line of 800 contemporary cards to compete against smaller companies such as California Dreamers and Recycled Paper Products. Shoebox Greetings is designed to attract younger consumers.

Hallmark expanded into the children's market this year with the introduction of its Imagination Station art "depot," and branched into the apparel market last summer with the introduction of its Color Gear line. While the line includes several abstract greeting cards, it features backpacks, jewelry, scarves, socks, sunglasses and sweatshirts.

To publicize its outlets, Hallmark last month rolled into 100 markets a local consumer print and radio program it is calling "Reach." The "Reach" program, tested in Columbus, Ohio, and Harrisburg, Pa., consists of ads spotlighting local Hallmark dealers. They are run in the lifestyle sections of daily newspapers and in Sunday magazines. The program, which will include local radio spots, will be especially heavy around holidays throughout 1987 and 19[illegible].

Hallmark, along with First Capital Corp. of Chicago, in 1986 agreed to acquire for $301.5 million five full-power and five low-power TV stations from Spanish International Communications Corp., New York.

The full-power stations include WXTV, Patterson, N.J.; KMEX, Los Angeles; WLTV, Miami; KWEX, San Antonio and KFTV, Fresno, Calif.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,594	558
Magazines	1,512	941
Newsp. supps.	1,157	0
Bus. pubs.	37	196
Network TV	27,434	22,329
Spot TV	1,913	871
Network radio	782	0
Spot radio	255	5
Outdoor	0	1
Total measured	34,686	24,901
Unmeasured	23,681	17,000
Total	58,367	41,901

HALLMARK CARDS
2501 McGee
P.O. Box 580
Kansas City, Mo. 64141
(816) 274-5111

Corporate Personnel

Donald J. Hall, chmn
David H. Hughes, vice-chmn
Irvine O. Hockaday, president-ceo
Robert L. Stark, exec vp

Marketing Personnel

Thomas H. Johnston, group vp-Hallmark brand
Robert Firnhaber, group vp, Ambassador brand
Lanny Julian, Hallmark vp-sales
Homer Evans, Hallmark vp-greeting cards prods div
Buddy Jones, Hallmark vp-specialty prods
Donald Fletcher, div vp-Ambassador prod devel
Brad Moore, div vp-adv & promo
Ira Stolzer, mgr-natl & retail adv
Jim Welch, mgr, consumer promo

HALLMARK DIVISIONS

Corporate Personnel

Stanley Hamilton, president, Hallmark Intl
Donna Kelly, vp-genl mgr, Hallmark Properties
Charles W. Hucker, div vp, public affairs & comm

Advertising Agencies

Ogilvy & Mather, New York—Hallmark & Ambassador natl adv—Eugene O'Sullivan, exec vp-group dir; Linda Cornelius, sr vp-mgmt super; Harold Sogard, vp-acct super; Victoria VanDyk, Patti Low, acct execs.

Valentine-Radford, Kansas City, Mo.—Hallmark local/retail adv—Charles Curtis, sr vp-client svcs; Greg Kirsch, vp-acct super; Mike Goff, Michael St. Pierre, acct execs.

BINNEY & SMITH
Easton, Pa.

Corporate Personnel

Jack F. Kofoed, chmn
Richard S. Gurin, president-ceo
Steve Yanklowitz, vp-genl mgr, Crayola prods div

Advertising Agency

Avrett, Free & Ginsberg, New York—Stu Cowan, mgmt super; Mariam Cohen, acct super; Dan Rice, acct exec.

CROWN CENTER REDEVELOPMENT CORP.
Kansas City, Mo.

Marketing Personnel

Robert A. Kipp, president
Jim Dawson, vp-mktg
Steve Doyal, mktg svcs dir

GRAPHICS INTERNATIONAL
Kansas City, Mo.

Corporate Personnel

Thomas Johnston, president

LITHO-KROME CO.
Columbus, Ga.

Marketing Personnel

Lamar Powers, president-genl mgr
Bucky Bowles, vp-personnel & svcs
Bob Starks, natl sales mgr

TRIFARI, KRUSSMAN & FISHEL
East Providence, R.I.

Marketing Personnel

James A. Northrop, president-ceo
Nancy Perlman, dir-mktg

Advertising Agency

AC&R/DHB & BESS, New York—Karen Amorelli, acct super; Lorraine Linton, acct exec; Kimberly Johannes, acct coord.

Hattori-Seiko Co. Ltd.

RANK **137**

Tokyo

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,600	1,906	36.4
Net income	12	20	(40.6)
U.S. advertising	61	61	(0.4)

Family-owned Hattori-Seiko Co. Ltd. of Japan, parent company of Hattori Corp. of America, suffered a 41% decline in net income in 1986—its first loss in earnings since 1949. The decline largely reflected the yen's rapid appreciation against the dollar, according to Joe Thompson, editor of *Modern Jeweler*.

In the U.S., the company fought the effects of the strong yen by consolidating its operations. In a major shakeup, Robert Pliskin was named president of the company's timepiece subsidiaries, which market watches under the Seiko, Lassale, Jean Lassale, Pulsar, Jaz and Lorus brand names, as the presidents of all the company's watch and clock divisions left the company. AC&R/DHB & BESS, New York, became the sole agency for all of Hattori's watch and clock lines.

Seiko remains the flagship brand of the company. Measured ad spending in 1986 totaled $14 million, according to BAR/LNA. Seiko reportedly has increased its 1987 ad budget by 20%. Seiko continued to lead comfortably the mid-priced watch category in the U.S., with more than 3 million units sold in 1986, according to Mr. Thompson.

Companion subsidiary Pulsar, which was supported by $7.2 million in media spending, was the second largest-selling watch brand in the segment, with more than 2 million units sold. But No. 3, competitor Citizen (1.5 million watches sold), continued to make strong advances in the category. Bulova ranked fourth at 800,000.

Seiko's clock business was stable, aided by the addition of novelty clocks and new desk models, but the company faced increased competition from private-label distributors.

Future plans call for the use of AT&E receptors in Seiko wristwatches, which enable the wearer to be paged anywhere in the world. Seiko plans to test-market the receptor-equipped watches in 1988.

The high-priced Hattori, Lassale and Jean Lassale watch lines have not made significant inroads into that market dominated by Rolex. The Jean Lassale line was backed by $5 million in measured spending. The line's prices range from $900 to $40,000.

Epson America, the U.S. marketing and distribution arm of Seiko/Epson Corp. of Japan, is the leading independent manufacturer and distributor of personal computer products in the U.S. Epson ranked No. 5 among computer manufacturers in the U.S., according to a company spokesperson. The company also markets and distributes printers, modems, various other peripherals, as well as portable electronic typewriters.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,282	5,636
Magazines	8,880	6,928
Newsp. supps.	178	102
Bus. pubs.	118	63
Network TV	14,355	10,214
Spot TV	9,314	14,201
Spot radio	0	3
Outdoor	138	65
Network cable	741	947
Total measured	38,006	38,162
Unmeasured	22,906	23,000
Total	60,912	61,162

HATTORI CORP. OF AMERICA
640 Fifth Ave.
New York, N.Y. 10019
(212) 977-2800

Corporate Personnel

Robert Pliskin, president

SEIKO TIME CORP.

Corporate Personnel

Robert Pliskin, president

Marketing Personnel

Charles Kriete, sr genl mgr-sales
David Strousse, vp-adv & pr
Robert Stevens, genl mgr-adv & pr

Advertising Agency

AC&R/DHB & BESS, New York—all Seiko prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super; Lorraine Linton, Tracy Penn, acct execs; Lynn Landau, asst acct exec.

LORUS

Corporate Personnel

Robert Pliskin, president
Dean Sauder, exec vp
Joseph Urda, exec vp

Marketing Personnel

Larry Sussberg, vp-sales
Howard Fischer, genl mgr-mktg

Advertising Agency

AC&R/DHB & BESS, New York—all Lorus prods—Steve Rose, chmn; Steve Bennett, acct super; Barbara Salerno, acct exec.

PULSAR TIME

Corporate Personnel

Robert Pliskin, president
Dean Sauder, exec vp

Marketing Personnel

Larry Sussberg, vp-sales
Lou Moore, natl sales mgr, asst to president
Jonathan Nettelfield, genl mgr-mktg & adv

Advertising Agency

AC&R/DHB & BESS, New York—Steve Bennett, acct super; Barbara Salerno, acct exec.

JAZ

Corporate Personnel

Robert Pliskin, president
Dean Sauder, exec vp

Marketing Personnel

Larry Sussberg, vp-sales
Lou Moore, natl sales mgr, asst to president
Jonathan Nettlefield, genl mgr-mktg & adv

Advertising Agency

AC&R/DHB & BESS Advertising, New York—all Jaz prods—Steve Rose, chmn; Constantine Pappas, sr vp-acct super; Lynn Landau, asst acct exec.

LASSALE, JEAN LASSALE

Corporate Personnel

Robert Pliskin, president

Marketing Personnel

Larry Sussberg, vp-sales
Charles Kriete, sr genl mgr-sales
David Strouse, vp-adv & pr
Robert Stevens, genl mgr-adv & pr

Advertising Agency

AC&R/DHB & BESS, New York—all Jean Lassale prods—Steve Rose, chmn; Constan-tine Pappas, sr vp-acct super; Lorraine Linton, Tracy Penn, acct execs; Lynn Landau, asst acct exec.

EPSON AMERICA

Marketing Personnel

Jack Whalen, vp-genl mgr

Andrew Leonard, vp-mktg
Scot Edwards, dir-adv & mktg svcs
Bob Armstrong, adv mgr

Advertising Agency

FCB/West, San Francisco—computer prods—Richard Ward, mgmt super; Garrett Lawrence, acct super; Julia Mee, asst acct exec.

Hearst Corp.

RANK 187

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,750	1,604	9.1
Net income	N/A	N/A	N/A
U.S. advertising	39	37	4.6

Hearst Corp., founded as a newspaper publishing company in 1887, has beefed up its print stable by purchasing *Esquire* from Esquire Magazine Associates in December 1986 and the following March, paying $400 million for the independently owned *Houston Chronicle*—the 16th largest-circulation daily newspaper in the U.S. and the largest in Texas. The *Chronicle* also is the largest-circulation paper among Hearst's 12 newspaper properties.

Hearst's 1986 ad spending totaled $39 million, up 4.6% from 1985; $9.4 million of that was spent in unmeasured media. The company's marketing budget is divided into many smaller pieces to promote its various media operations.

Company revenues totaled an estimated $1.75 billion, up 9.1% from 1985. In addition to its 13 U.S. magazines and various specialty titles and its 18 newspapers, Hearst owns six TV stations, seven radio stations, cable services in California, Lifetime and Arts & Entertainment cable networks, book and trade magazine publishers, syndicated newspaper services and real estate.

Specialty magazines received the largest chunk of measured media spending in 1986: $6.96 million, up 54.4% from 1985. Other segments receiving substantial measured ad support: Good Housekeeping needlework kits, up 16.7%, to $2.4 million; Cosmopolitan boutique products, up 118.1%, to $2.4 million; and the Lifetime cable network, up 69.1% to $1.2 million.

Hearst spent $1.8 million for corporate ads in magazines; that total was down 32.1% from 1985. Promotion of magazines to the trades got $1.6 million, according to Rome Report; $478,100 of that backed *Good Housekeeping*.

Among its higher-profile businesses in competitive markets, Hearst spent $1.67 million for the *Boston Herald*, all in spot TV buys—up 22.3% from 1985—in its fight against the No. 1 *Boston Globe*.

Meanwhile, the afternoon San Francisco *Examiner*—Hearst's flagship newspaper, founded in 1887—continued its controversial anti-TV campaign, via Goodby, Berlin & Silverstein, San Francisco. The most-publicized of the ads featured Ken and Barbie dolls with the headline, "These two have all it takes to be award-winning TV news anchors." Spending for the *Examiner's* spot TV and print campaign totaled $254,000, up 33.7% from 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,492	5,446
Magazines	16,884	15,656
Newsp. supps	0	103
Bus. pubs	3,848	3,787
Spot TV	3,788	2,281
Network radio	22	198
Outdoor	501	539
Network cable	81	291
Total measured	29,616	28,301
Unmeasured	9,418	9,000
Total	39,034	37,301

HEARST CORP.
959 Eighth Ave.
New York, N.Y. 10019
(212) 262-5700

Corporate Personnel

Frank A. Bennack Jr., president
Gilbert C. Maurer, exec vp
James F. O'Donnell, corp comm dir

Advertising Agency

Laurence, Charles, Free & Lawson, New York—corp adv—Alfred Evans, exec vp; Richard Goldschmidt, sr vp.

HEARST MAGAZINES
Marketing Personnel

Gilbert C. Maurer, president
K. Robert Brink, exec vp
D. Claeys Bahrenburg, exec vp-group publishing dir
George J. Green, exec vp-group publishing dir
Mark F. Miller, exec vp-genl mgr
Mark E. Goldschmidt, mktg & planning dir
Mary Sabolik, assoc dir, pr
Bonnie Maglio Shope, adv & promo dir, Hearst Gold Buy Magazines
Daniel Ambrose, adv mgr, Hearst Gold Buy and Hearst Home Buy

HEARST NEWSPAPERS
Marketing Personnel

Robert J. Danzig, vp-genl mgr
J. Roger Grier, vp-group exec
Lee J. Guittar, vp-group exec
Henry K. Wurzer, mktg devel mgr

HEARST BROADCASTING
Pittsburgh, Pa.
Marketing Personnel

John C. Conomikes, vp-genl mgr, broadcasting
Mickey L. Hooten, vp-genl mgr, television
Jack A.W. Shenkan, sales & mktg dir, broadcasting

HEARST BOOKS/BUSINESS PUBLISHING
Marketing Personnel

Gordon L. Jones Jr., vp-group head, Books/Business Publishing
Lawrence Hughes, president, Hearst Trade Book Group
Susan Halligan, dir-adv & sales promo, William Morrow & Co.
Michael Greenstein, exec vp-acting sales dir, Avon Booknys

KING FEATURES SYNDICATE
Marketing Personnel

Joseph F. D'Angelo, president
Bruce L. Paisner, exec vp
Lawrence T. Olsen, vp-mktg & sales dir

Holiday Corp.

RANK 184

Memphis, Tenn.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,648	1,804	(8.7)
Net income	133	150	(11.1)
U.S. advertising	42	30	38.8

Holiday Corp., the nation's largest hotel company, experienced a drop in revenues and net income in fiscal 1986 (which ended Jan. 2, 1987), traced to a worldwide glut in hotel rooms.

Holiday beefed up its measured advertising in 1986 to $28 million from $18 million in 1985. Total U.S. advertising was $41.5 million in 1986, according to AD AGE estimates. Holiday estimates its 1986 U.S. ad total at $40.7 million, its worldwide ad total at $45.9 million.

Primary contributor to the higher spending was a $6.6-million outlay for network TV in 1986—for Embassy Suites and Holiday Inns—compared with no expenditures in that medium in 1985.

Other major media increases were in spot TV, up 28%, and outdoor, up 18%. Holiday Corp. is among the nation's 25 largest outdoor advertisers.

Fiscal 1986 results from the company's two major divisions—hotels and gaming—showed year-to-year declines. Hotels dropped 27.4% in operating income to $141 million on sales of $952 million, down 9.3%. Gaming operating income fell 5.8% to $113 million on sales of $690 million, up 3.9%.

In 1987 the company took steps to shore up its hotel operations through a recapitalization plan. So far this has included the sale of marginal properties and the distribution of proceeds from sales of assets to stockholders.

In June 1987, the Holiday Inns Hotel division launched advertising that features a crooning Frank Sinatra. The $15 million campaign is directed at the business traveler, who accounts for 73% of the chain's business.

Through June 1987 the company had sold all or part interest in 86 hotels, many of which were older properties, generating $760.3 million in after-tax proceeds. Expansion, however, continues in new markets for Embassy Suites for the high-ticket traveler, Hampton Inns for the low-budget customer, and Residence Inns, apartment units for the "extended-stay" market. The hotel division opened an average three hotels per week in 1986.

In April 1987, Hampton Inns named Walker & Associates, Memphis, to its $1.3-million account, replacing Grey Advertising, New York.

In the gaming division, the company says it has no plans to sell any of its hotel/casino properties in Reno, Las Vegas, Lake Tahoe or Atlantic City.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	5,704	7,387
Newsp. supps	42	494
Bus. pubs	566	716
Network TV	6,553	0
Spot TV	5,478	4,267
Network radio	0	1,123
Spot radio	1,519	33
Outdoor	4,555	3,904
Network cable	115	4
Total measured	24,532	17,927
Unmeasured	17,000	12,000
Total	41,532	29,927

HOLIDAY CORP
1023 Cherry Road
Memphis, Tenn. 38117
(901) 762-8600

Corporate Personnel

Michael D. Rose, chmn-ceo
Richard J. Goeglein, president-coo

Marketing Personnel

Andrew Lien, sr vp-worldwide mktg
Ray Lewis, vp-system mktg
Kevin Jeter, dir-natl mktg

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Memphis—Gary Andrews, sr vp-group acct dir; David McConnaughey, vp-mgmt super; Carl Teitelman, acct super; Sara Camp, acct exec; Debra Kesey, asst acct exec.

HARRAH'S HOTEL/CASINO
Reno, Nev.
Marketing Personnel

Robert A. Miller, vp-mktg
Seta Dingley, dir-adv

Advertising Agency

(In-house).

EMBASSY SUITE HOTELS
Irving, Texas
Marketing Personnel

Pat Cox, vp-mktg
Karen Von Der Bruegge, adv dir

Advertising Agency

Stern Monroe, Dallas—Lisa Bell, acct rep, natl; Lisa Briggs, acct rep, eastern region; Bee Dowling, acct rep, western region.

HAMPTON INNS
Memphis, Tenn.
Marketing Personnel

Mark Wells, vp-mktg
Lorna Brown-Ray, dir-natl sales
Dave Walker, mgr-field svcs
Jane Innes, mktg dir
Coleen Thomason, mktg mgr

Advertising Agency

Walker & Associates, Memphis—Steve Jones, acct exec.

George A. Hormel & Co.

RANK 116

Austin, Minn.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,960	1,502	30.5
Net income	39	39	1.2
U.S. advertising	69	71	(2.3)

George A. Hormel & Co., strapped with high costs of pork and other raw materials, as well as lingering labor woes, kept advertising spending on the lean side in 1986.

Ad spending rose 1% to $71.4 million for the fiscal year ending Oct. 25, 1986, although calendar year figures—the basis for rankings in this issue—show spending declining about 2.3% to $69.1 million. Static ad spending was a product of shifts in media, says Thomas Purcell, director of marketing and advertising services.

The company more than doubled magazine spending, sliced spot TV spending by 39% and increased overall radio spending by 6.1%. Mr. Purcell says 1987 ad spending will dip slightly before a rebound in 1988, when, he says, Hormel will spend "at incredible rates" in six months. The marketing lull is ironic in light of 134 new products either introduced or in test in the last two years.

Spartan profits (up only 1.2%) and ad spending in 1986 belie a 30.5% surge in sales. Profits were hurt by a strike by Local P-9 of the United Food and Commercial Workers union, which closed Hormel's Austin, Minn., plant.

In late 1986 Hormel bought Jennie-O-Foods, a marketer of turkey products.

Hormel continued its evolution from meat-packer to food processor by introducing an array of "value-added" frozen, fresh, microwavable and shelf-stable products in 1986 and 1987. Further, Hormel is actively marketing deli products and precooked Broiled & Browned beef, chicken, fish and pork entrees to the food-service industry.

Sales should top $2 billion this year if the 10% sales increase predicted by Mr. Purcell materializes. Nine-month sales for the period ending July 25 were $1.57 billion, up 11.7% from the 1986 period. Profits rose to $25.8 million, up 11.9% from a comparable 1986 period.

Spam gobbled up 75% of the $175 million canned luncheon meat segment, Mr. Purcell says. In 1986 it was joined by a new low-salt variety. SAMI/Burke figures show Hormel chili with a 33.5% share of the $259.8 million canned chili segment, and Dinty Moore Beef Stew dominates the canned stew market with a 70% share.

Of these products, Hormel increased seven-media ad budgets only for chili (up 23.3% to $2.98 million). The company cut Dinty Moore spending 38.5% to $1.72 million and reduced measured spending for Spam by 40.5% to $3.2 million.

Total measured spending for 1986 totaled $43.7 million, down 2.3% from 1985. AD AGE estimates unmeasured spending, including promotion and direct-mail, at $25.4 million in 1986.

One beneficiary of Hormel's increased 1988 ad budget, says Mr. Purcell, is Top Shelf, a line of 10 shelf-stable entrees introduced in February 1987 in test markets including Indianapolis and Denver. "This is not hype . . . we cannot keep 'em on the shelf," he says. Top Shelf, which has an 18-month shelf life, faces competition from General Foods' Impromptu shelf-stable entrees. Marketing has expanded from Phoenix to the West Coast.

In October 1987 Hormel, under an agreement with Chi-Chi's Mexican restaurant chain, introduced a line of shelf-stable Mexican foods bearing the Chi-Chi's name. BBDO Worldwide, Minneapolis, prepared the campaign.

Other 1986 and 1987 product introductions include three New Traditions Broiled & Browned microwavable sausage and ham products; Fast 'N Easy precooked bacon; Frank 'N Stuff franks; Hormel meat sticks in four flavors; three varieties of Old Smokehouse sausage; and Gold 'n Lite frozen chicken bites.

One unsuccessful product introduction was Hormel's Old Smokehouse Steak Sauce Plus—an attempt to break Nabisco Brands' A1 and H.J. Heinz Co.'s Heinz 57 stranglehold on the $141 million market. Mr. Purcell says Hormel may have approached the category from the wrong angle. TV and print ads, via BBDO, Minneapolis, pictured sauce slathered on old

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shoes and car parts to prove that it "makes anything taste better."

Hormel's budget cutbacks and account shifts pared billings at BBDO and Ruhr/Paragon, both Minneapolis, which handle virtually all of Hormel's advertising.

Hormel consolidated all frozen food division advertising at Ruhr/Paragon in May 1987, taking $2.5 million in billings from BBDO. Ruhr/Paragon also was given BBDO's chunk canned products account.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	960	1,779
Magazines	8,554	4,012
Newsp. supps	942	98
Bus. pubs	779	1,444
Network TV	5,442	6,325
Spot TV	7,350	12,200
Network radio	7,515	7,829
Spot radio	11,684	10,269
Outdoor	319	513
Network cable	173	282
Total measured	43,717	44,751
Unmeasured	25,351	25,951
Total	69,068	70,702

GEO. A. HORMEL & CO.
P.O. Box 800
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(507) 437-5611

Corporate Personnel

R.L. Knowlton, chmn & president-ceo
Raymond J. Asp, exec vp-intl & trade relations

Marketing Personnel

T.J. Purcell, dir-mktg & adv svcs

MEAT PRODUCT GROUP

Corporate Personnel

James A. Silbaugh, group vp

Marketing Personnel

Stanley A. Kerber, sr vp-mktg
James DiNicola, vp-sales
Kim Jenkins, group prod mgr, deli prods & direct mktg
Bob Tegt, prod mgr, consumer prods deli group, Light & Lean prods
Gary Esbeck, mktg mgr, frozen foods div
Joe Swedberg, prod mgr, ham, bulk smoked meats
Gary Jones, prod mgr, breakfast meats group
Kurt Mueller, prod mgr, fresh pork
Richard Johnson, prod mgr, food service
Tom Blumhardt, sales mgr, frozen foods div
Mike Grogan, prod mgr, deli group

PREPARED FOODS GROUP

Corporate Personnel

James Hall, group vp
Robert Patterson, vp-grocery prods div

Marketing Personnel

Rick Bross, dir, grocery prod mktg
Eric Brown, dir, grocery prod sales
M.E. Burgstahler, prod mktg mgr, Dinty Moore, Great Beginnings, imported prods
Richard Crane, group prod mktg mgr, Spam
William Husk, mktg mgr, canned hams
Marc Johnson, prod mktg mgr, Mary Kitchen Hash, BBQ Sauce, Private Label
Larry Raskin, prod mktg mgr, chili, tamales, Deviled Spam, spreads, Vienna Sausage
John Vrabel, group prod mgr, chunk prods, short orders, vending, CountrySide Salads, Top Shelf
Marcia David, prod mktg mgr, smoked sausage, Bacon Bits, dry snacks

FDL MARKETING INC.
Dubuque, Iowa

Corporate Personnel

Deryl Arnold, president
Neil House, exec vp

Marketing Personnel

Clyde Maddux, vp-mktg & adv
Steve Dopita, vp-sales

JENNIE-O-FOODS
Willmar, Minn.

Corporate Personnel

Earl B. Olson, president

Marketing Personnel

Jerry Figenskau, vp-mktg & sales

Advertising Agencies

BBDO, Minneapolis—Wm. Weigold, exec vp-genl mgr; Allen Cohn, sr vp-exec creative dir; Jud Smith, David Schutten, creative dirs. Prepared foods: Spam, chili, Mary Kitchen hash, Old Smokehouse, BBQ Sauce, Bacon and flavored bits—Tom Keating, vp-mgmt super; Bill Lozito, Dennis Nustad, Mike Uecker, acct supers. Meat prods: Cure/81 Ham, Light & Lean prods, Little Sizzlers pork sausage, Fast 'N Easy prods, Wranglers prods, Frank 'N Stuff franks, dry sausage/deli, foodservice—Bob Jackson, vp-mgmt super; Wes Crawford, acct super.

Gioia Productions, Glen Head, N.Y.—Italian language adv—Luisa Bianchi, president.

Ruhr/Paragon, Minneapolis—Chunk canned prods, Dinty Moore prods, Farm Fresh catfish, Gold 'n Lite prods, Great Beginnings, New Traditions prods—Chuck Ruhr, chmn; Bob Jones, president; Doug Lew, vp-creative dir; Louise Scroggins, John Murtfeldt, group acct dirs.

Greasing political cogs

Dayton Hudson Corp., Minneapolis, got a special session of the Minnesota legislature to pass a toughened anti-takeover law shortly after the Haft family made overtures to buy the company in June 1987.

Hyundai Motor Co. RANK **158**

Seoul, S. Korea

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	1,250	N/A
Net income	N/A	N/A	N/A
U.S. advertising	52	N/A	N/A

Hyundai Motor America, wholly owned subsidiary and U.S. sales arm of Hyundai Motor Co. of South Korea, has moved from startup position in 1986 to an almost certain No. 4 rank in 1987 among auto importers in this country.

In 1986, Hyundai posted a 10-month U.S. sales total of 168,882 units, a record for any import's first year here, surpassing the 1958 Renault Dauphine by 48,000 cars. The $4,995 Hyundai Excel went on sale Feb. 20, with a network of dealers in 31 states and with a vastly understated sales goal of 100,000 units.

The record-breaking sales effort had the backing of an ad budget estimated at $52.3 million for 10 months of 1986. This initial expenditure was given a substantial boost in 1987 as Hyundai set its sights on sales of 250,000 units by year's end. By Sept. 10, sales had reached the 190,000 mark, and the Korean automaker's goal appeared possible.

Established in 1967, Seoul-based Hyundai Motor Co. (HMC) is a tiny division of a giant Asian manufacturing conglomerate. The company developed and produced the first Korean compact passenger car, dubbed the Pony, in 1974.

Though the company has not published 1986 production or worldwide sales and earnings figures, in 1985 it reported a total 227,000 units for worldwide sales of $1.25 billion and an export value of $522 million. Plant expansion gives the Korean plant a capacity of 600,000 units per year.

Hyundai entered the Canadian market in 1984, selling 25,000 units that year. By the end of 1985, using newspaper ads with the slogan: "Take a Pony for a ride," Hyundai had become Canada's No. 1 importer, and the Pony was Canada's best-selling car. A front-wheel drive Pony Excel was introduced in 1985, essentially the same car brought to the U.S. in 1986.

The Hyundai Excel is a front-wheel-drive, four-cylinder economy subcompact, similar in appearance to the lowest-priced Japanese cars. For 1986, three versions—two-door and four-door hatchbacks and a four-door sedan—were priced from $4,995 to $6,445.

Components supplied by Mitsubishi Motors Corp., Hyundai's Japanese partner, which has a 15% stake in the Korean automaker, still account for almost a quarter of the value of a Hyundai-built car. This year Mitsubishi Motor Sales of America has been selling the Hyundai-manufactured Precis, a subcompact similar to the popular Excel, which it expects to be its best-selling car for 1987.

Industry analysts see the U.S. market for subcompacts, or minicars, undergoing dramatic growth in the next few years, reaching 1.5 million cars by the end of the decade. This low end of the market has been long abandoned by Detroit and, in recent years, by the Japanese, whose import quotas have shifted their emphasis to more expensive lines.

Hyundai's 168,000-plus sales total gave the company quick ranking as the nation's seventh best-selling import in 1986, behind Subaru of America, which sold 183,242 units. If Hyundai meets its sales forecasts of 250,000 units in 1987 and 300,000 in 1988, the company would rank No. 4 among importers, behind Toyota Motor Sales, Nissan Motor Corp. and American Honda Motor Corp.

AD AGE national advertising estimates for Hyundai do not include $6.7 million spending by local dealers, and only the corporate co-op portion of $21.6 million spent by the Hyundai dealers association. Both expenditures were in spot TV, according to BAR/LNA. There were 161 dealers in place by the end of 1986.

Hyundai opened its drive into the U.S. market with a three-week teaser campaign designed to introduce the company as well as its car. The introductory campaign, launched before the Excel went on sale Feb. 15, observed that the shipbuilder and locomotive-manufacturer is the 39th largest corporation in the world, with sales of about $11 billion.

Print ad headlines pointed out, "Its father was a locomotive. Its mother was a ship." Taglines added, "Hyundai. Cars that make sense." Ad copy stressed Hyundai's earlier success in Canada and noted that "Hyundai rhymes with Sunday.

Aiming at a 70%-100% sales increase for 1987, Hyundai increased its ad budget an additional $10 million for the '87 model year.

Hyundai's 1988 lineup was expanded to include a total of 16 models, with prices ranging from the low-end three-door, four-speed manual shift hatchback at $5,295 to the top-of-the-line GLS four-door automatic-shift sedan at $7,895. A full load of factory-installed options can add $2,500, giving the flagship model a $10,400 price tag. Dealers estimate that their average sticker price falls in the $6,500-$7,000 price range.

Two newly announced additions to the '88 line are a sporty Excel GS three-door hatchback and a base Excel four-door sedan.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	10,396	3
Magazines	4,736	0
Bus. pubs	190	161
Network TV	4,077	0
Spot TV	17,914	0
Outdoor	17	0
Total measured	37,331	164
Unmeasured	15,000	N/A
Total	52,331	164

HYUNDAI MOTOR AMERICA
7373 Hunt Ave.
Garden Grove, Calif. 92642
(714) 890-6000

Corporate Personnel

H.W. Baik, president & ceo
Max Jamiesson, exec vp, coo

Marketing Personnel

Greg Warner, vp-operations
Art Meissner, vp-natl sales mgr
Jack Collins, mktg dir
Joseph Corey, natl adv mgr

Advertising Agency

Backer Spielvogel Bates Worldwide, Huntington Beach, Calif.—all Hyundai autos—Harry Grusche, sr vp-mgmt rep; Howard Sherman, Peter Smaha, vps-acct dirs; Paula Dyba, Lisa Twine, sr acct execs.

Imasco Ltd. RANK **146**

Montreal

($ in millions)

Worldwide	1987	1986	% chg
Sales	4,095	3,877	5.6
Net income	155	191	(18.8)
U.S. advertising	58	62	(7.6)

Division sales	1987	1986	% chg
Imperial Tobacco	1,301	1,288	1.0
Imasco USA	1,206	1,098	9.8
People's Drug	1,365	1,333	2.4
Shoppers Drug	105	57	84.7
The UCS Group	155	139	11.6

Declining earnings in fiscal 1987 at Imasco Ltd., a Montreal-based diversified company, were linked to a poor performance by its 831-store Peoples Drug Stores in the U.S. and a cigarette discount war in Canada that affected earnings of its Imperial Tobacco division (Player's and du Maurier brands, among others).

Imasco, which also owns the Hardee's restaurant chain in the U.S., is recovering now that the cigarette price war has ended and Peoples has undergone reorganization. Earnings are on the mend, up 33% to $51 million in the first quarter ended June 30, compared with the same period a year earlier.

Sales and earnings appearing in this profile were converted from Canadian dollars to U.S. dollars at the average annual exchange rate of US$0.728=C$1.

Peoples, based in Alexandria, Va., has undergone a reorganization linking it more closely with the successful Imasco-owned Canadian chain, Shoppers Drug Mart, under the direction of Shoppers' Chairman-CEO David R. Bloom.

Peoples' first quarter sales were off 2% from the comparable previous quarter, and earnings were off 87%, at $1.02 million. But the company called earnings "encouraging" following three quarters of far greater losses. Peoples lost $23 million in fiscal 1987.

Imasco USA, the food-retailing division that's primarily Hardee's, the Rocky Mount, N.C.-based fast food chain, continues to ride Hardee's ballyhooed quarter-pounder burger to success.

Nation's Restaurant News, an industry magazine, in August listed Hardee's as climbing above competitor Wendy's to fourth place in sales volume among the nation's fast-food restaurants. The magazine estimated total Hardee's sales, for both company-owned and franchise restaurants, will be $3.03 billion for fiscal 1988, up 12%.

In addition to Hardee's, Imasco USA includes a food manufacturing and distribution arm, 14 Burger Chef franchises and Grisanti, nine Italian restaurants. Grisanti is buying 17 Casa Lupita restaurants from Ponderosa, then switching them to Italian cuisine. Sales for all company-owned, foodservice divisions of Imasco during the last fiscal year climbed 9.8%, to $1.21 billion.

Hardee's attributes its growth to the quarter-pounder, pushed in its "We're out to win you over" campaign. Conversion to a cooking process that cooks on two sides at once and produces a juicier burger is "98% complete," a spokesman says.

Hardee's advertises heavily, spending 6.5% of sales yearly—$170 million in the past year. But it has increasingly used local rather than national ads, which are the basis of rankings in this issue. An estimated three-quarters of the firm's ad total falls in categories of direct mail, couponing and special events. The company's own breakdown of the remaining $40 million allocates $30 million to spot TV, $8 million to spot radio and $2 million to outdoor.

Imasco spent $31.1 million in national advertising for Hardee's during 1986, according to BAR/LNA, with most of that in spot TV.

The recent addition of eight new company-owned and 44 new franchises gives Hardee's 917 company-owned and 1,867 franchises, for a total of 2,784, primarily in the Southeast, Midwest and mid-Atlantic states.

Ad spending overall is up, with the company earmarking $188.5 million in advertising and promotion for the current year. Newest wrinkle is the literally wrinkled California raisins, who danced that state's raisin industry to national prominence to the tune of "I Heard It Through The Grapevine." By agreement with the California Raisin Board, the raisins are featured in TV spots pushing Hardee's Cinnamon 'N' Raisin breakfast biscuit. The ads began a 45-day run this Oct. 5.

Recently introduced products are prepackaged salads and soft ice cream, aimed primarily at women and kids.

Like Hardee's, Peoples Drug Stores depend heavily on local ads, says Joseph A. Pollard, senior VP-advertising and public relations. The current ad budget is $40 million, he says, noting it is the same as last year.

Imasco's other retail enterprise, the UCS Group, a Canadian chain of retail convenience and tobacco stores, showed a 11.5% growth in sales, to $155 million in fiscal 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	23	32
Network TV	0	8,925
Spot TV	32,761	26,896
Network radio	59	0
Spot radio	10	0
Outdoor	1,687	1,529
Network cable	0	8
Total measured	34,539	37,390
Unmeasured	23,094	25,000
Total	57,633	62,390

IMASCO LTD.
4 Westmount Square
Montreal, Que., Canada H3Z 2S8
(514) 937-9111

Corporate Personnel

Purdy Crawford, chmn & president-ceo

IMASCO USA
Rocky Mount, N.C.

Corporate Personnel

Jack A. Laughery, chmn & president-ceo
John Wilson, sr vp-cfo

HARDEE'S FOOD SYSTEMS
Rocky Mount, N.C.

Marketing Personnel

William E. Prather Jr., president-ceo
Ralph Peterson, exec vp-cfo
Paul R. Lovin Jr., exec vp-operations
Gary L. Langstaff, exec vp-mktg

FAST FOOD MERCHANDISERS
Rocky Mount, N.C.

Marketing Personnel

Hugh Todd, chmn-ceo
F. Winslow Goins, exec vp-distribution svcs

GRISANTI INC.
Louisville, Ky.

Corporate Personnel

Michael J. Grisanti, president-coo

Advertising Agency

Ogilvy & Mather, New York—David Warden, Chuck Hodgekinson, Jerry Hart, acct mgrs.

PEOPLES DRUG STORES
Alexandria, Va.

Marketing Personnel

Frederick Edwards, exec vp
Joseph A. Pollard, sr vp-adv & corp relations

Advertising Agencies

Ehrlich Manes Associates, Washington, D.C.—corp adv—Nella Manes, president.

Fahlgren and Swink, Toledo, Ohio—James Renda, acct super; Liz Winkle, acct coord.

Handley & Miller, Indianapolis—Richard Kreusser, president.

Mel Finkel Associates, Atlanta, Ga.—Mel Finkel, president.

Isuzu Ltd. RANK **154**

Tokyo

($ in millions)

Worldwide	1986	1985	% chg
Sales	6,277	6,295	(0.3)
Net income	685	709	(3.4)
U.S. advertising	53	27	97.5

A fast-talking mythical car salesman featured in a series of popular television spots helped American Isuzu Motors, U.S. distributor of passenger cars and trucks for Isuzu Motors Ltd., Japan, realize a 21% increase in total unit sales in 1986. Similar results are likely for 1987.

American Isuzu's total measured ad spending also increased, skyrocketing more than 140%. Spending on spot TV alone more than tripled from the previous year.

Isuzu Motors Ltd., the parent company whose fiscal year is reported in the accompanying box, however, saw its net income drop, largely because of the sharp appreciation of the yen. Figures for both 1986 and 1985 were converted at the rate of Y161.45=U.S.$1. The company does not break out sales and income figures for its U.S. subsidiaries.

General Motors owns 38.6% of Isuzu Motors. The Japanese automaker supplies GM with the Chevrolet Spectrum (Isuzu sells its own version as the I-Mark), a front-wheel-drive subcompact.

In 1986, American Isuzu sold 38,910 cars, a 44.4% increase from the previous year's total of 26,953. Sales of the I-Mark more than doubled, from 12,780 to 26,046 units. Isuzu's share of the U.S. import car market increased as well, from 0.95% to 1.2%.

Isuzu light truck sales grew to 88,720 units from 78,149 in 1985. Despite this increase, Isuzu's share of the U.S. import truck market dropped slightly, from 9.7% to 9.5%. Its share of the total U.S. truck market, however, rose slightly, from 1.8% to 1.9%. By comparison, Suzuki holds a 1% share and Mitsubishi, 0.76%. Leading Isuzu are Mazda at 3.3%, Nissan at 4.8% and Toyota, 8.2%.

Unit sales have continued to increase for Isuzu in 1987. During the first eight months of the year, combined car and truck sales totaled 88,764, a 13.2% increase from the same period in 1986. Of the total, trucks accounted for about 4,000 sales. Isuzu sold 14,107 vehicles in August 1987, the best month in the company's history.

Following the footsteps of other Japanese automakers, Isuzu soon will be manufacturing vehicles in the U.S. under a joint venture agreement with Fuji Heavy Industries, the parent company of Subaru of America. Construction of a $500 million manufacturing facility located in Lafayette, Ind., began in May. Production is scheduled to begin in the fall of 1989. The plant initially will produce 60,000 Subaru cars and 60,000 Isuzu Trooper II vehicles and light trucks. In the future, Isuzu may manufacture cars in the U.S., depending on market conditions, according to Leon Rosen, national marketing services manager.

Isuzu also announced that it will move into the luxury segment of the market by becoming the worldwide distributor (excluding Great Britain, Germany, Austria and Switzerland) for the Bitter Automobile Co. Ltd. of Germany. Bitter will produce two models for U.S. distribution—a two-door convertible and four-door sedan, both of which will emphasize European engineering and styling. Production is anticipated to begin in October 1988 at the Steyr-Daimler-Puch manufacturing facility in Graz, Austria. The convertible will make its American debut in the spring of 1989, with the sedan slated for introduction later in the year. Both will be priced in the mid-$30,000 to low-$40,000 range.

Isuzu "lied" its way to increased sales in 1986 and 1987. Advertising first aired in the summer of 1986 spotlighted a fictitious Joe Isuzu (actor David Leisure), a slick salesman.

Typical of the ads, created by Della Femina, Travisano & Partners, Los Angeles, was one that found Leisure atop a jagged mountain peak, standing beside a Trooper II. "The amazing Isuzu Trooper II. Its four-wheel drive can take you anywhere. In fact, I drove it up here myself," says the presenter as a "He's Lying" subtitle appears on the screen. "It has more seats than the Astrodome," proclaims Leisure. "Almost. It has five," reads the subtitle. "Plus enough cargo space to carry Texas," he adds while the subtitle reads, "79 cubic feet of it." "And Isuzu will accept marbles and sea shells as payment," says Joe Isuzu. "$10,599. Marbles and shells not accepted," reads the final subtitle. "But they're selling fast so you have to come in in five minutes," he concludes, and "you have my word on it."

But not everyone was fond of the "Liar" spots. In September 1987, the Tri-State Isuzu Dealers, representing New York, New Jersey and Connecticut, launched its own $500,000 TV campaign to counter the campaign. Tri-State dealers felt the Joe Isuzu ads were in bad taste and undermined the credibility of car salesmen. Two spots that broke Sept. 1 were picked up by Isuzu dealerships nationwide.

Magazine, newspaper, and network and spot TV expenditures accounted for nearly all of Isuzu's 1986 measured total of $39.7 million. Magazine spending jumped 62% to $9.9 million. Spot TV spending more than tripled to $15.4 million, and network TV rose 9% to $5.9 million.

Mr. Rosen estimates that total advertising expenditures for the 1987 calendar year are running about 12% higher than 1986. A 30% increase is slated for 1988.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,339	3,175
Magazines	9,920	6,118
Bus pubs	573	481
Network TV	5,931	5,378
Spot TV	15,356	4,625
Network radio	315	0
Spot radio	475	0
Outdoor	5	4
Network cable	252	338
Total measured	40,166	20,118
Unmeasured	12,391	6,500
Total	52,557	26,618

AMERICAN ISUZU MOTORS
2300 Pellissier Place
Whittier, Calif. 90601
(213) 949-0611

Corporate Personnel

J.E. Reilly, sr vp-genl mgr

Marketing Personnel

Fritz Kern, vp-mktg
Leon Rosen, natl mktg svcs mgr

Advertising Agency

Della Femina, Travisano & Partners, Los Angeles—Jerry Della Femina, chmn; Louise McNamee, president; Peter Stranger, president, L.A. office; Dennis Remsing, sr vp-mgmt dir; Ann Kalman, sr vp-media dir; Richard Russo, sr vp-creative dir; David Weber, vp-mgmt super; Rick Carpenter, Jaci Sisson, vps-group creative dirs; Sandra Tuttle, vp-dir, broadcast production; Dick Sittig, assoc creative dir; Peter Mooney, acct super; Richard L. Reed, acct super, prod mktg; Charles Koch, Kelley Glaser, acct execs; Jeff Saunders, field acct super; Meg Dennis, field acct exec

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A woman's best friend

The biggest market for diamonds continues to be "women of the house," says DeBeers Consolidated Mines. Category unit sales were 6.9 million for a retail value of $3.5 billion in 1986, up 300,000 units and $500 million from 1985. The No. 2 category was sales to "single adult women"—4.4 million pieces or $1.5 billion retail, up 900,000 units and $400 million. No. 3 was sales of women's diamond engagement rings.

Jerrico Inc.

RANK
114

Lexington, Ky.

($ in millions)

Worldwide	1987	1986	% chg
Sales	599	584	2.6
Net income	25	27	(10.3)
U.S. advertising	69	63	10.0
Division sales	**1987**	**1986**	**% chg**
Restaurants	478	455	5.1
Supplies, equip.	107	95	12.6
Royalties	12	12	0.0
Other	2	2	0.0

Long John Silver's Seafood Shoppes, the restaurant chain that accounts for about 75% of total revenues and 80% of operating profits of its parent, Jerrico Inc., is expanding its menu as it builds its network into a national chain.

The 1,421-store chain, which reported sales of $451 million for fiscal year 1987, ended June 30, represents roughly 65% of the "fast-fish" category. While it still is not a truly national chain, LJS is close enough that it has begun buying "regional network" TV time.

By 1990 it intends to have stores in all sectors of the country and to become a full network TV advertiser. No other chain in its category is close to that level of representation.

In addition to LJS, Jerrico owns 34 Jerry's Restaurants, full-service coffee shops, and franchises an additional 28. The company also is testing the waters in the dinnerhouse market: Last year its first Florenz northern Italian restaurant opened in Ohio.

But most of Jerrico's energies are directed to the LJS chain. At the close of the last fiscal year, there were 887 company-owned restaurants and 534 franchised units, compared with 844 company and 544 franchised restaurants a year earlier.

The most recent fiscal year was a tough one for LJS. Like all restaurant chains, LJS has faced tough competition from outside the industry, especially from grocers and from the popularity of microwavable entrees.

LJS suffers from the additional problem of having 25% of its stores in the so-called "Oil Patch," which has been depressed by lower oil prices. For the year, LJS' average unit sales were $526,000, up 2.1% over fiscal 1986 and roughly on a par with the restaurant industry's growth overall.

To spur growth through the 1990s, the company is working to broaden the chain's appeal.

LJS's menu staple long has been deep-fried fish (codfish). Recently that has been augmented by fried chicken entrees. LJS in 1986 rolled systemwide its line of cold seafood salads. These account for 5% of sales—up to 10% when backed by media advertising.

The other 95% of LJS's sales still come from fried fish and chicken. That has been augmented recently with new items—such as fried catfish, Cajun Shrimp and Kitchen Breaded Fish—that have less breading (and less oil retention) than past items.

LJS also has been testing baked codfish in some 60 units over the past two years, but that doesn't seem to be the answer. Consumers want broiled fish, and LJS has committed itself to offering it.

The addition of broiled fish may significantly change LJS's market positioning. The broiled seafood line being tested includes halibut, salmon, shrimp, cod and flounder, served with baked potato or vegetables, salad or coleslaw, and a roll. LJS also remains committed to its "Sounds good to me" umbrella advertising theme, which has been running since Foote, Cone & Belding, Chicago, assumed the account in 1985. That advertising has become increasingly product-oriented as the chain has phased out its previous reliance on couponing and special-price deals.

During calendar 1986, Jerrico spent $2.9 million on regional network ads for LJS. Through only the first half of 1987, Jerrico spent $2.8 million on network TV.

Spot TV spending of $26.8 million in 1986 is moving downward, however. Through the first half of 1987, Jerrico's spot TV buying was down 10% to $11.6 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2	0
Network TV	2,492	0
Spot TV	26,803	26,502
Spot radio	183	365
Outdoor	272	317
Network cable	139	0
Total measured	29,891	27,183
Unmeasured	39,587	36,000
Total	69,478	63,183

JERRICO INC.
101 Jerrico Drive
Lexington, Ky. 40511
(606) 268-5211

Marketing Personnel

Donald A. Metznik, vp-natl mktg
Chip Hardy, vp, dir-field mktg
David M. Miller, vp-adv

Advertising Agencies

(In-house) Abbott Advertising, Lexington, Ky.—David M. Miller vp-genl mgr.

Foote, Cone & Belding, Chicago—Mitch Engel, sr vp-mgmt super.

Kenner Parker Toys

RANK
189

Beverly, Mass.

($ in millions)

Worldwide	1986	1985	% chg
Sales	503	340	48.0
Net income	25	(58)	142.8
U.S.	**1986**	**1985**	**% chg**
Sales	356	235	51.5
Operating profits	30	(34)	188.0
Advertising	36	49	(26.6)

For the first time since its spinoff from General Mills two years ago, Kenner Parker Toys has reported solid earnings.

But the fifth-largest toy manufacturer (behind Mattel, Hasbro, Coleco and Fisher-Price) celebrated its independence in an unusual way: by agreeing in August to be acquired by Tonka Corp., Minnetonka, Minn., for $628 million.

While the company became profitable in 1986—earnings from continuing operations in 1986 were $16 million compared to a loss of $58.2 million in 1985—falloff in demand for established toys such as Care Bears and Star Wars items resulted in a 4.5% decline in sales to $502.8 million. Care Bears plush animals were discontinued in 1987, although they continue to live via home video.

Spending on advertising and promotion worldwide declined 4% to $94.7 million, according to the company, although it does not define advertising and promotion. Of the total, Ad Age estimates Kenner Parker spent $36.3 million in U.S. advertising only, down 26.7% from 1985. Kenner Parker drew 29% of its sales from international operations in 1986, compared with 31% in 1985.

Tonka's friendly takeover bid followed Kenner's rejection of persistent and unsolicited bids from New World Production's Marvel Entertainment division, Los Angeles. Marvel continues to hold an 8.4% stake in Kenner.

Tonka in 1987 spent approximately $25 million on advertising, via Jordan, McGrath, Case & Taylor, New York. Its sales were $293 million in 1986. Tonka will become the third-largest independent U.S. toy company, with Kenner as a wholly owned subsidiary.

Stephen Shank, Tonka president-ceo, will become president-ceo of the combined companies, with Ronald Jackson, Kenner's president-ceo, retaining his title. David Mauer will continue as Kenner Toys' president and Patrick Feely as president, Tonka USA. Tonka cites as benefits the synergy between the two companies' staple products—including Tonka's toy trucks and Kenner's Monopoly, Nerf sponge-balls and games and Play-Doh lines—and Kenner's strong international presence.

New World's interest in Kenner was its need to enter the $12.5 billion toy industry with a company that could produce action figures based on its Marvel comics characters. In turn, New World offered Kenner its animation-production facilities. Neither Tonka nor Kenner have such facilities.

Tonka sees its most promising lines for 1987 as its SuperNatural holographic action figures and Maple Town animal-themed collectibles. Tonka earlier this year entered the video game market when it signed a joint partnership agreement with Sega to market the No. 2 videogame company's products in the U.S. Sega trails by a wide margin Nintendo of America, distributed by Worlds of Wonder. Atari, the originator of video arcade games, is third.

Although Kenner sees some growth in its Real Ghostbusters and SilverHawks lines of licensed action figures, the company hasn't had a strong toy line since it discontinued Care Bears. Mask, a male action figure line rethemed in 1987 to an international motor racing concept, was the best selling line in 1986, although sales were disappointing.

Kenner's Parker Brothers board game division, with 1986 revenues of $100 million, ranked third in the industry behind Hasbro's Milton Bradley and Coleco's Selchow & Righter divisions. The company in 1986 spent $9.4 on Parker Brothers advertising, including $1.1 million spent promoting new videogames such as Clue.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	126	1,736
Network TV	15,574	15,806
Spot TV	10,412	17,639
Network cable	223	1,319
Total measured	26,335	36,499
Unmeasured	10,000	13,000
Total	36,335	49,499

KENNER PARKER TOYS
50 Dunham Rd.
Beverly, Mass. 01915
(617) 927-7500

Marketing Personnel

David Mauer, president, Kenner Products
Bruce Stein, vp-mktg

Advertising Agency

Grey Advertising, New York—Ed Meyer, president-ceo.

HBM/Creamer, Boston—Richard S. Humphrey Jr., chmn.

WHY BE A LITTLE FISH IN A BIG POND?

FOOD STORE SALES ARE BEEFING UP IN TUSCALOOSA.
Tuscaloosa, Alabama outspends Birmingham, the 45th-ranked HH ADI in the United States, for Supermarket, Grocery and Other Food sales-per-person. By as soon as 1990, Effective Buying Income is expected to leap 55%, outperforming Alabama, the East South Central Region, and the entire United States. Total Retail Sales are projected to rise 52%, again beating state, region and national projections and proving that Tuscaloosa is a fat and juicy market that's beefing up even more.

WCFT DOMINATES THE MARKET.
We're the #1-rated station sign-on to sign-off. We've got the facts, figures, programming, including the #1 news, to help make your food store sales #1 in Tuscaloosa.

BE A BIG FISH

BEAM COMMUNICATIONS

WCFT-TV, CBS, Tuscaloosa, AL
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WDAM-TV, NBC, Laurel/Hattiesburg, MS

Source: 1986 Survey of Buying Power – May 1987, Arbitron
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Represented by Katz Continental Television

WCFT-TV
TUSCALOOSA, ALABAMA

Kimberly-Clark Corp.

RANK 151

Irving, Texas

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,303	4,073	5.7
Net income	269	267	0.9
U.S.	**1986**	**1985**	**% chg**
Sales	3,113	3,042	2.3
Operating profits	394	420	(6.2)
Advertising	55	70	(20.5)
Division sales	**1986**	**1985**	**% chg**
Household	3,370	3,172	6.2
Bus. & ind. paper	876	856	2.4
Aircraft services	99	118	(16.5)

Kimberly-Clark Corp. is starting to diversify from its solid base in consumer disposable paper products by finding new uses for non-woven materials, which already are used in the company's category-leading Huggies disposable diapers and feminine hygiene products.

The company in October 1987 began testing two nonwoven-based household cleaning products designed to appeal to consumers interested in convenience: Command, a single-use fabric sheet containing laundry detergent, and Once Overs, disposable bathroom cleaning sheets.

Although K-C's measured media spending continued its two-year decline in 1986, dropping 16% to $45 million, the company says sales and net income in 1986 reached record levels, rising 5.7% and 0.9%, respectively. The company attributed the sales increase to higher product prices rather than volume gains in maturing paper categories.

K-C says its slightly lower U.S. operating profit in 1986 reflected the decline in production capacity for Huggies diapers as the company retooled machines to make diaper improvements.

Although significant sales gains were made in household, professional and feminine care products, the gains in those segments were not enough to overcome the combined drop in newsprint, tobacco-related products and diapers.

K-C's Class I division, which is comprised of tissues, feminine, infant and incontinence care products; hospital and home healthcare products, and other related items, contributed 78% of the company's total sales in 1986, a 2.5% decline from the previous year, due primarily to Huggies production slippage.

In the $3 billion U.S. disposable diaper category, K-C's Huggies market share dropped to a record low 24% share in mid-1986, due to Procter & Gamble Co.'s introduction of Ultra Pampers and Luvs Baby Pants disposable diapers. P&G in April 1986 began nationwide distribution of the new thin, superabsorbent diapers, which contain a synthetic chemical that traps moisture and turns it into a gel. K-C was not able to nationally introduce Huggies Supertrim, its thin, superabsorbent diaper, until the end of 1986.

However, by mid-1987 K-C had recovered much of its market share, holding an estimated 33% share of the category to P&G's combined 49% share for Pampers and Luvs, says Sherman Chao, paper-products analyst with Salomon Bros., New York. Measured media support for Huggies fell 20.4% to $21.5 million, as K-C scaled back spending until it could introduce its superthin diaper.

K-C also began marketing an extra-large sized Huggies disposable diaper for babies 33 lbs. and up.

The company tested another possible expansion of the Huggies line with Kleenex Huggies disposable bibs, which feature an adjustable neckband fastened with one-piece, refastenable tapes. K-C supported the disposable bibs test with $1.56 million in measured media support.

K-C scored a victory against P&G in court, when a federal jury decided K-C did not infringe on an elastic-waistband diaper design patent held by P&G. Still pending is a decision on K-C's countersuit that alleges P&G is "unlawfully monopolizing" the U.S. disposable diaper market.

For feminine hygiene products, K-C in 1986 devoted much of its marketing attention to upgrading the Kotex line, introducing Kotex Profile, an hourglass-shaped maxi pad with more absorbent material in the center, and Kotex Overnight, a nighttime maxi pad with 50% more coverage area than regular maxi pads.

K-C, which holds a 24% share of the $1.2 billion feminine-hygiene industry with its New Freedom and Kotex brands, supported those brands with $3.6 million in measured media support, primarily in women's magazines. Category leader Johnson & Johnson holds an estimated 39% with its Sure & Natural, Assure & Natural, Carefree and Stayfree lines; P&G has a 23.5% share with Always, and Tambrands, 6% with Maxithins.

K-C, which dominates the $1 billion facial tissue category with a 48% to 50% share, introduced a softer, thicker Kleenex facial tissue in August 1986, backed with $8.5 million in measured media support. The tissue was positioned in ads as "the most comforting Kleenex ever." Foote, Cone & Belding, Chicago, handles Kleenex and Kleenex's Softique brand, which in 1986 received $1.6 million in measured support, down 79% from measured spending in 1985.

Scott Paper Co.'s Scotties facial tissues hold an estimated 10% share, and P&G's Puffs an estimated 15%, says Salomon Bros.' Mr. Chao.

K-C, which some analysts say holds 50% of the growing $250 million (at retail) adult incontinence category, supported its Depend shields and briefs with $5 million in measured media spending last year, up 4.2% from the previous year.

K-C's business class airline, Midwest Express, began nonstop service from its Milwaukee, Wis., hub to New York's LaGuardia Airport. The company in June 1986 moved advertising for the airline to BBDM/Cunningham & Walsh, Chicago, from in-house.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	447	1,012
Magazines	10,315	6,317
Bus. pubs	182	330
Network TV	30,208	40,727
Spot TV	2,183	6,213
Spot radio	37	164
Outdoor	95	20
Network cable	594	626
Total measured	44,061	55,409
Unmeasured	11,238	14,132
Total	55,298	69,541

KIMBERLY-CLARK CORP.
World Headquarters
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DFW Airport Station
Dallas, Texas 75261-9100
(214) 830-1200

Marketing Personnel

R.S. Fountaine, vp-U.S. mktg rsch
G.J. Ker Jr., dir-adv svcs
D.W. Lahey, dir-adv & promo
J.E. Carter, president, Karolton Envelope

INFANT CARE SECTOR
Marketing Personnel

W.R. Sanders, president
R.F. Auchter, vp-infant care

ADULT CARE SECTOR
Marketing Personnel

W.H. Drew, president
T.A. Newby Jr., vp-feminine care
P.S. Geisler, vp-incontinence care
J.S. Sumner Jr., president, Spenco Medical Corp.

HOUSEHOLD PRODUCTS SECTOR
Marketing Personnel

J.D. Bernd, president
R.C. Van Driest, vp-consumer tissue business

HEALTHCARE AND NONWOVENS SECTOR
Marketing Personnel

J.T. McCauley, president
R.D. Carter, vp-medical & nonwoven fabrics
J.S. Metz, vp-professional health care

SERVICE AND INDUSTRIAL SECTOR
Marketing Personnel

G.A. Zins, president

NORTH AMERICAN PULP & PAPER SECTOR
Marketing Personnel

R. Plaut Jr., president, specialty prods
J.S. Rausch, president, technical paper
M.R. Holcomb, president, Neenah paper
R.C. Vanden Heuvel, president, U.S. Pulp & Newsprint

Advertising Agencies

Campbell-Mithun, Minneapolis—Depend incontinence prods—Beth Miller, mgmt super; Steve Ostrander, acct exec; Sherri Smith, asst acct exec.

Foote, Cone & Belding, Chicago—Kleenex facial tissues, bathroom tissue, towels—Terry Peigh, vp-acct dir; Kay Gilbertson, acct dir; Jennifer Booth, asst acct exec.

Ogilvy & Mather, New York—Huggies diapers—Cliff Angers, group dir; David Mechlin, mgmt super; Laurel Richie, acct super; Jocelyn Koskinas, acct exec; Amy Cohn, asst acct exec. New Freedom feminine care prods, Kotex feminine care prods—Cliff Anger, group dir; Karen Green, mgmt super; Audrey Shuman, acct super; Ben Kline, acct exec; Kathy Graff, acct coord.

Both ends at play

Levi Strauss ads in 1986 for Special Reserve jeans show Shearson Lehman brothers in suits, and then in jeans: "No matter how well you dress, there's always room for improvement," say ads. VF Corp.'s Wrangler, confident it has the blue-collar at work, in ads seeks the gang at play.

Estee Lauder Inc.

RANK 126

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,300	1,250	4.0
Net income	N/A	N/A	N/A
U.S.	**1986**	**1985**	**% chg**
Sales	890	750	18.7
Operating profits	N/A	N/A	N/A
Advertising	67	63	5.8

Estee Lauder Inc. focused its marketing and promotion efforts in 1986 behind existing products in two increasingly competitive categories: fragrances and skincare preparations.

Analysts, however, say Estee Lauder's established fragrance brands have fatigued in the face of ever-proliferating designer and celebrity scents.

The entire U.S. fragrance category grew a mere 5% in 1986 to $2.3 billion, in spite of splashy, $10 million-plus ad campaigns for such trendy new offerings as Calvin Klein's Obsession and Christian Dior's Poison.

In response to the increased competition, Estee Lauder cut back its overall fragrance ad support and boosted spending for a few select brands. According to BAR/LNA, the company spent more than $16 million advertising its fragrance products in 1986, a drop of 7%.

The company spent nearly $5 million on ads for Beautiful perfume, an increase of 27% over 1985. Spot TV captured 64% of the Beautiful budget. White Linen perfume got the second highest ad support of any individual Estee Lauder brand—$3.6 million, down 28% from 1985. Several Estee Lauder fragrances—Cinnabar, Estee, Devin and JHL—received no measured ad support.

Estee Lauder continued its emphasis on skincare products aimed at maturing, age-conscious baby boomers. According to Allan Mottus, cosmetics industry analyst and president of Mottus & Associates, New York, the company leads department store skincare sales with a 35% share. Estee claims 20% of the $4.2 billion U.S. skincare market (manufacturer's level).

Mr. Mottus estimates that Estee Lauder's Clinique and Prescriptives subsidiaries contributed $360 million and $20 million, respectively, to the company's total volume in 1986.

This fall, Estee Lauder for Men introduced its own entry in the "power potion" category: Metropolis. An extensive ad campaign featuring singer Liza Minelli will run in 1988.

Estee Lauder Eye-zone Repair Gel, made a strong debut this year. Other recent new product introductions include Estee Lauder Oil-free Sun Spray and Estee Lauder Signature Makeup Collection. The company also introduced More Volume and More Shine, two haircare products, and Demi-Matte Makeup and Powder, a new makeup with treatment benefits. This fall, Lauder for Men also added Anti-Wrinkle Defense Formula, a new entry in the $65 million men's skincare product market.

Last year Estee Lauder spent $9.2 million on multi-product advertising—all in spot TV—up 31.4%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,658	3,447
Magazines	19,121	17,452
Newsp. supps	3,028	2,992
Spot TV	23,369	22,469
Spot radio	607	686
Outdoor	3	0
Total measured	49,785	47,047
Unmeasured	16,845	15,919
Total	66,631	62,965

ESTEE LAUDER INC.
767 Fifth Ave.
New York, N.Y. 10022
(212) 572-4200

Corporate Personnel

Estee Lauder, chmn
Leonard Lauder, president-ceo
Evelyn Lauder, corp vp
Robert Barnes, president, Estee Lauder U.S.A.
Carol Phillips, chwn, Clinique Laboratories
Robert Nielsen, president, Prescriptives

Advertising Agency

AC&R/DHB & BESS, New York—Estee Lauder Cosmetics and Treatments, Aramis, Clinique, Prescriptives—Alvin Chereskin, vice-chmn; Lida Burpee, acct super, Estee Lauder Cosmetics (all brands); Janie Van Gelder, asst acct exec, Estee Lauder Cosmetics; Barbara Salerno, vp-acct super, Clinique; Sharon Neg, acct exec, Clinique; Rebecca Albergo, vp-acct super, Aramis & Prescriptives.

Lucky Stores

RANK 143

Dublin, Calif.

($ in millions)

Worldwide	1987	1986	% chg
Sales	6,441	6,225	3.5
Net income	226	87	161.2
U.S. advertising	59	50	18.0
Division sales	**1987**	**1986**	**% chg**
Food stores	N/A	6,225	N/A
Gemco stores	N/A	2,428	N/A
Specialty stores	N/A	721	N/A

Lucky Stores embarked on an aggressive restructuring program in October 1986 to thwart a takeover bid by New York investor Asher Edelman.

The company began a shift in focus from a broadly diversified retailer to a food retailer. That month, Lucky announced the sale of 76 of its 80 Gemco discount department store units to Minneapolis-based Dayton Hudson for $440 million. Dayton Hudson is converting the units to Target stores.

Two months later the company announced the sale of its Checker Auto Parts unit for $155 million to New York-based Northern Pacific Corp., which operates 95 Schuck auto supply stores in the Northwest. Phoenix, Ariz.-based Checker operates 176 Kragen stores in California and Nevada and 202 Checker stores in 12 Western states.

In its continuing effort to fend off Mr. Edelman's takeover bid, early this year Lucky sold its Yellow Front Stores subsidiary for $50 million to a unit of Kenmare Capital Corp., New York. Yellow Front, which is based in Phoenix, operates 104 general merchandise stores in eight Western states.

And in March 1987, Lucky announced the distribution of stock of its Tupelo, Miss.-based Hancock Fabrics.

Lucky's effort to shed all non-grocery operations, combined with its repurchase of nearly 14.4 million shares of common stock at $40 each, proved successful. Mr. Edelman, whose bid reached a high of $37-a-share, or $1.88 billion, signed a standstill agreement with Lucky Stores in March 1987. The pact precludes Mr. Edelman from controlling more than 5% of Lucky stock during the next three years. Lucky Stores also agreed to pay Mr. Edelman $2.8 million for out-of-pocket expenses.

Lucky will recover those costs and more with the transfer this November of the assets of its Midwestern division to a limited partnership in which it will invest $4 million cash for a 40% interest. The partnership includes key Eagle Food Store management and Odyssey Partners, a New York private investment firm. Over the next six years, Lucky's interest in the partnership will increase.

Lucky's overall advertising budget was $58.7 million in 1986, a 17.9% increase from 1985. That included measured spending of $29.2 million, up 17.7% from the previous year. A major share of the budget, 41%, was allocated to spot TV.

In February, Lucky consolidated advertising for all its Western-state supermarket operations—389 units in Arizona, California and Nevada—under one agency. The $30 million account, which includes stores under the Food Basket and Lucky banners, was awarded in April to Grey Advertising, Los Angeles.

Lucky Stores first quarter earnings, for the 13-week period ended May 3, 1987, were $30.2 million, a 50% increase from the same period in 1986.

Sales of the continuing food store operations were $1.75 billion for the quarter, up 12.2%. Net earnings of $52.4 million include after-tax gains on the sale of assets and $5.9 million in net earnings from the sale of Hancock Fabrics. Net earnings were $21.1 million for the corresponding quarter in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	53	25
Spot TV	24,135	20,007
Spot radio	4,972	4,574
Outdoor	73	169
Total measured	29,233	24,775
Unmeasured	29,499	25,000
Total	58,732	49,775

LUCKY STORES
6300 Clark Ave.
Dublin, Calif. 94568
(415) 833-6000

Corporate Personnel

John M. Lillie, chmn-ceo
Lawrence DelSanto, president-coo

SOUTHERN FOOD DIVISION
(LUCKY STORES)
Buena Park, Calif.

Corporate Personnel

William Yingling, president

Marketing Personnel

Dick Frederickson, vp, dir-mktg

NORTHERN FOOD DIVISION
(LUCKY STORES)
San Leandro, Calif.

Corporate Personnel

Richard Goodspeed, president

Marketing Personnel

Alan Stec, vp-adv
Bob Hermanns, vp, dir-mktg

FLORIDA FOOD DIVISION
(KASH N' KARRY)
Tampa, Fla.

Corporate Personnel

Ronald Floto, president

Marketing Personnel

W.D. Peterson, vp, dir-mktg
Michael Russell, vp-adv

MIDWESTERN FOOD DIVISION
(EAGLE)
Rock Island, Ill.

Corporate Personnel

Pasquale Petitti, president

Marketing Personnel

Kenneth Martin, sr vp, dir-mktg
Ray Myers, vp, adv mgr

SOUTHWESTERN FOOD DIVISION
(LUCKY STORES)

Corporate Personnel

Jack Hoover, president

Marketing Personnel

Dave Helmsing, adv mgr

Advertising Agency

Grey Advertising, Los Angeles—Jeff Alperin, sr vp-mgmt rep; Jill Baldauf, vp-acct super; Priscilla Wright, acct super; Randy Davis, acct exec.

MasterCard International

RANK 156

New York

($ in millions)

Worldwide	1986	1985	% chg
Volume	93,800	73,300	28.0
Net income	N/A	N/A	N/A
U.S. advertising	52	39	33.5

Some of the blush was off the rose when MasterCard celebrated its 20th anniversary in 1986. In the past 10 years, MasterCard has lost 20 share points, dropping from a 60% market share to 40%, leaving Visa as the dominant player in the $205 billion bank charge-card business.

MasterCard, which continues to lose share, is now third in annual billings per customer card, even though it is second to Visa in market share of cards outstanding, says H. Spencer Nilson, publisher of "The Nilson Report," the credit-card industry newsletter.

In a new thrust designed to increase the annual billings per customer card, MasterCard has focused on niches. It rolled out the MasterCard BusinessCard which allows member banks to provide products to their corporate clients. MasterCard backed the card with more than $500,000 in media spending. The ID Plus card for clubs and other groups also was rolled out. Introduction of these cards helped influence a growth in business publications advertising to $982,000 from $117,000 in 1985.

In an effort to capture a bigger share of the travel and entertainment market, MasterCard began an affinity marketing program for free airline tickets, hotel stays and rental cars for Gold MasterCard holders. Ad spending for Gold MasterCard jumped by 38.5% to $3.6 million in 1986.

Working for the first time in cooperation with Visa, MasterCard signed up 16 major merchants, including Brooks Brothers and Jordan Marsh, who long resisted accepting bank cards of any kind. MasterCard believes this new market opportunity could be worth about $6 billion.

Overall, MasterCard's ad spending was up 33.7% to $52.4 million in 1986, primarily because of heavier spending in broadcast.

The company sharply curtailed support for its travelers cheques, with 1986 ad spending at $500,000, down significantly from $4 million in 1985.

In its advertising, MasterCard moved from touting status to touting the practical. It dropped its "so worldly, so welcome" theme in favor of a back-to-basics "Master the possibilities" campaign. That campaign, along with agency William Esty Co., New York, was dropped, apparently after complaints from members.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	5,858	4,423
Newsp. supps.	67	144
Bus. pubs.	983	117
Network TV	21,509	18,617
Spot TV	3,647	3,072
Network radio	2,080	0
Spot radio	2,685	1,262
Network cable	607	398
Total measured	37,436	28,033
Unmeasured	14,957	11,200
Total	52,393	39,233

MASTERCARD INTERNATIONAL
88 Seventh Street
New York, N.Y. 10106
(212) 974-5700

Marketing Personnel

F. Alan Schuitheis, sr vp-mktg & sales
Joanne Black, sr vp-mkg svcs
Susan Burke, vp-adv
Richard Hoipp, vp-BusinessCard
Bonnie MacDonald, dir-universal travel voucher
Walter Rothchild, dir-merch
James Shannahan, vp-consumer card prods
David Chirls, vp-prod devel

Advertising Agency

Lintas: New York—Russ Shaffer, sr vp-mgmt super; Helen Blohm, Robert Nadelman, vp-acct supers; Bob Cilia, acct super; Lois Serota, sr acct exec; Cindy Hewitt, Pamela Perkowski, Barbara Burger, acct execs; Lynn Giordano, exec vp-exec creative dir; Jeane Bice, sr vp-group creative dir; Ralph Palamidessi, vp-assoc creative dir; Bruce Hopman, vp-sr copywriter; Mike Jordan, sr copywriter; Yasmin Gnahremani, copywriter; Peter Nicotra, Bruce Arendash, art dirs; Nicole Meudersheid, Kathy Delaney, asst art dirs; Loretta Volpe, sr vp-group media dir; Jeffery Dunetz, assoc media dir; Jayson Goldberg, asst media dir.

Matsushita Electric Industrial Co.

RANK **102**

Osaka, Japan

($ in millions)

Worldwide	1986	1985	% chg
Sales	28,067	30,998	(9.5)
Net income	1,004	1,512	(33.6)
U.S. advertising	80	86	(7.3)

Division sales	1986	1985	% chg
Video equipment	9,220	11,597	(20.5)
Audio equipment	2,400	2,778	(13.6)
Home appliances	4,337	4,488	(3.4)
Communications	5,270	5,400	(2.4)
Kitchen related	1,274	1,183	7.6
Electronics	3,246	3,302	(1.7)
Other	2,321	2,252	3.1

Matsushita Electric Industrial Co. is trying to shift its emphasis from consumer to commercial markets. It has placed a priority on developing new products for smaller businesses, retailers and homes, focusing on PC/work stations, word processors and facsimile equipment.

Matsushita, which sells products under the National, Panasonic, Technics and Quasar names, has accelerated a three-year campaign begun in 1984 to innovate its product line and hold down costs.

The rising yen and a critical falloff in its exports cut deeply into fiscal returns for last year. Export sales dropped to 44% of the company's total in the fiscal year ended Nov. 20, 1986, compared with 50% of the total the previous year.

The U.S. market, handled largely by Secaucus, N.J.-based Matsushita Electric Corp. of America, accounted for sales of about $3.7 billion in 1986, a leveling off from 1985. This represented 13% of worldwide sales.

Andy Imura, president-ceo of Matsushita Electric Corp. of America, is seeking to fill the vacant chief operating officer posts at both Panasonic Consumer and Panasonic Industrial divisions. And both subsidiaries are looking for an agency to replace Ted Bates Advertising, whose merger with Backer & Spielvogel to form Backer Spielvogel Bates in the Saatchi & Saatchi empire resulted in a conflict with another client.

The company also is expanding its efforts to increase overseas production to some 25% of output. In 1986 it built VCR plants in U.S. and Europe and began a U.S. car audio plant.

The company changed its fiscal year to a March 31 closing, beginning in 1987. During the abbreviated year running from Nov. 21, 1986 to March 31, 1987, sales were $10.2 billion, with overseas sales of $4.5 billion—44.4% of the total. Net income was $324 million. Results from the truncated year are based on the exchange rate of $1=Y146. In the full-year reporting period in the accompanying box, the exchange rate was $1=Y163.

Corporate spokesman Ken Shimba says the company expects annual double-digit growth in industrial products and single-digit increases in the mature consumer market. However, he cites "more intelligent telephones" and VCRs as still areas for growth.

Ron Tomczyk, spokesman for Panasonic Industrial, says the strong push on semiconductors and the division's 1986 introduction of a new laser printer, letter-quality printer, image scanner and color copier reflect the company's stimulation of its industrial product lines.

Matsushita needs to expand product lines quickly to compete with the top three copier leaders, Canon, Sharp and Xerox, says analyst Bob Sostilio of Dataquest, San Jose, Calif. Panasonic's facsimile transmission product is among the top five sellers in the U.S., along with Ricoh, Pitney Bowes, Xerox and Sharp, he says.

Paul Johnson, VP at L.F. Unterberg Rothschild, New York, says Panasonic ranks No. 8 worldwide and No. 20 in the U.S. in semiconductors. The company also will build its business of industrial robots and parts-mounting machines.

Long-range plans for the Panasonic consumer business involve developing audio-visual systems and home automation systems, high definition and digital TV digital audio systems, tape recorders and VCR systems. Its liquid crystal Panasonic PocketWatch TV is doing fairly well, given the limited U.S. market for the item, says Ken Shimba.

Matsushita holds 50-60% of the VHS full-cassette camcorder market and 20-30% of the smaller VHS-C VCR camcorder market. Still, as a brand name, Panasonic is second to No. 1 RCA. But it is the No. 1 manufacturer and supplier. Matsushita also supplies Eastman Kodak's 8mm video cameras and batteries, but it stopped production of TV sets for General Electric early this year because of rising costs. Matsushita's digital VCR is available only in Japan at present.

Leadership in the CD player segment is a toss-up between Panasonic and Sony, claims a Matsushita official.

The company's Quasar unit is struggling in a soft color TV market. Also, the division has not had an ad agency since December. Less than half of Quasar's sales are color TVs; the division is shifting to appliances, especially air conditioners. Tom Lauterback, communications manager, says September results were "very encouraging," and he is now talking tentatively with several agencies.

Total corporate measured media spending was $39.8 million, down 7.3% from 1985. Matsushita took to the airwaves in 1986, spending $7 million-plus on network TV compared with only $985,000 in 1985. Spot TV spending was increased 27.5% to $8.9 million. However, every other medium lost spending, particularly magazines, which were down 24.4% to $17.5 million.

BAR/LNA measured spending on Panasonic copiers was increased almost fourfold to $4.1 million. Spending on Omnivision products fell 21.8% to $3.3 million, and spending on Panasonic color TV sets rose 10% to $2.8 million.

Growth in Panasonic brand spending remained flat at $24.3 million. Quasar spending was down 80.7% to $1.1 million. Technics brand logged just $1.7 million, down 15%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	546	4,046
Magazines	17,522	23,176
Newsp. supps.	0	26
Bus. pubs.	3,603	4,268
Network TV	7,025	985
Spot TV	8,851	6,940
Network radio	571	431
Spot radio	618	1,389
Outdoor	238	432
Network cable	796	1,188
Total measured	39,769	42,881
Unmeasured	40,040	43,174
Total	79,809	86,055

MATSUSHITA ELECTRIC CORP. OF AMERICA
One Panasonic Way
Secaucus, N.J. 07094
(201) 348-7000

PANASONIC CO.

Marketing Personnel

Ralph Wolfe, sr vp-sales & mktg
Steve Asada, sr vp-planning & merch
Bob Greenberg, genl mgr-comm
Stan Hametz, vp-group mgr, VHS prods
Paul Adams, genl mgr-television
Dick Lovisojo, vp-group genl mgr, audio/home info prods
Bill Kopp, genl mgr, comm prods
Mickey Torimoto, genl mgr, Panasonic car audio
Mike Aguilar, vp-group genl mgr, Technics home/car audio
Maurice Guiheen, vp-group genl mgr, home appliance

Advertising Agency

Grey Advertising, New York—Bill Sandberg, acct super.

PANASONIC INDUSTRIAL CO.

Marketing Personnel

Frank Novak, genl mgr-comm

Advertising Agencies

Grey Advertising, New York—Hugh Esposito, acct super.

Lewis Gilman Kynett, Philadelphia—Bob Schell, vp.

Sommer Inc., New York—Bernie Sommer, president.

QUASAR
Elk Grove Village, Ill.

Marketing Personnel

Jack Pluckhan, president-coo
Keith Nishikana, exec vp
Tom Lauterback, mgr-comm
Wally Fraser, genl mgr-mktg

Mattel Inc.

RANK **139**

Hawthorne, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,059	1,051	0.7
Net income	(1)	79	(101.3)

U.S.	1986	1985	% chg
Sales	623	765	(18.5)
Operating profits	6	97	(93.6)
Advertising	60	85	(29.6)

Mattel Inc., which relinquished its No. 1 position in the $12.5-billion toy industry to Hasbro in 1985, recorded sales of $1.06 billion in 1986, only 1% above 1985 levels, and a loss of $1 million. While a generally weak toy-buying market is primarily to blame, Mattel also attributes its static returns to a $250 million decline in U.S. sales of its Masters of the Universe toys and the discontinued Rainbow Brite line.

Total U.S. measured ad spending in 11 measured media dipped to $45.8 million, down 29.6% from 1985. This includes a 34% cut in network TV to $24.5 million in 1986. Mattel reports spending $198.2 million for advertising and promotion worldwide, up 6.7%.

The company has undergone several top-management changes in the past year, spurred by the retirement of Chairman-CEO Arthur Spear last October. To fill the void, Mattel created a three-member executive committee consisting of Thomas Kalinske, Raymond Ferris and John Amerman. While Mattel at the time insisted that this management structure was created to better divide responsibilities between its top executives, it eventually became a contest between the three men, with Mr. Amerman in February winning the chairman-ceo title. He was chosen in recognition of the performance of his international division, which grew 47% in 1986 to $481.7 million. Perhaps dissapointed over not being appointed chairman, Mr. Kalinske left Mattel in June to become president of Matchbox. Ray Ferris became exec VP, strategic planning.

Mattel cut its 1986 ad spending—mostly in spot and network TV—on toys by 29% to $20.6 million, according to BAR/LNA. Its Masters of the Universe action figure line remains a major brand internationally but seems to have lost considerable appeal in the eyes of U.S. youths. With the hope of rejuvenating the line in time for Christmas, the company this summer released a Masters of the Universe live-action motion picture starring Dolph Lungren and Frank Langella.

Although its 25-year-old Barbie doll remains No. 1 on the toy charts and accounts for 35% of the company's sales, Mattel would benefit from an innovative new winner. In 1986, the company spent $21.7 million advertising dolls and doll accessories, down 28% from 1985.

Games drew only $1.7 million in ad spending in 1986, down 45% from 1985.

But it is with a toy/game that Mattel hopes to make a killing in 1987-88: Captain Power and the Soldiers of the Future—a line of interactive action figures. Mattel predicts annual sales of $75 million.

The Captain Power toy line, designed for boys ages 7-12, includes jets and accessories that fire at on-screen enemies from up to 10 feet away and score points each time a target is hit. In turn, the TV "enemies" can return fire and take away points.

The line has met with protest from the watchdog group Action for Children's Television and is under the scrutiny of the Federal Communications Commission because the toy interacts directly with the TV set and virtually makes the Captain Power TV show a "30-minute commercial."

The show is what makes the Captain Power unique. The program features live action combined with computer animation, along with five minutes of interactive footage. The program is being produced by MTS Entertainment, a syndicated TV division the company set up earlier this year. It's headed by John Weems, VP-entertainment.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	480	524
Magazines	2,874	3,736
Newsp. supps.	282	0
Bus. pubs.	392	401
Network TV	24,498	37,166
Spot TV	14,999	20,805
Spot radio	642	0
Outdoor	178	195
Network cable	1,453	2,252
Total measured	45,797	65,077
Unmeasured	14,075	20,000
Total	59,872	85,077

MATTEL INC.
5150 Rosecrans Ave.
Hawthorne, Calif. 90250
(213) 978-5150

Marketing Personnel

John Amerman, chmn-ceo
Robert Sansone, president, Mattel USA
Joseph Morrison Jr., exec vp-mktg
Rita Fire, sr vp-mktg
George Volanakis, sr vp-mktg

Advertising Agencies

Foote, Cone & Belding—new prod lines—Steve Hayman, genl mgr; David Vipond, mgmt dir; Rob Hudnut, acct dir; Pamela Morris, acct exec.

Ogilvy & Mather, Los Angeles—Freddy Bee, vp-U.S. & intl mgmt super; Susan Chittum, vp-mgmt super, boys toys; Paula Heath, Ginger Sherman, Lisa Elliott, Jean Harfenist, acct supers; Michael Vernon, Noah Manduke,

If getting to the
right celebrity
has you all turned around,
let us put you straight.
INGELS INC
(213) 852-0300

Christi Brunig, Tamara Burke, acct execs; Doris Cerneka, intl coord.

RANK

MCI Communications 125

Washington

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,592	2,542	41.3
Net income	(448)	113	(496.5)
U.S. advertising	67	61	8.6

MCI Communications, which boosted ad spending in 1986 to maintain its No. 2 position in long distance service behind AT&T, may be ripe for a merger with No. 3 U.S. Sprint next year, according to market analysts.

Last year's marketing strategy included the shift from consumer to business audiences as the residential rates became more competitive and the equal-access deadline passed. The year also saw the launch of the company's first network TV campaign and the acquisition of IBM's Satellite Business Systems.

What was unforeseen was the December 1986 heart attack, subsequent surgery and long convalescence of Chairman-CEO William McGowan. This caused internal management changes including the creation of a joint management team, with duties split between Mr. McGowan and former President V. Orville Wright, who was made acting ceo in April 1987. The co-ceo plan was announced in September 1987.

Also in September, Wells, Rich, Greene, New York, picked up the $40 million MCI account when D'Arcy Masius Benton & Bowles resigned over creative differences. In February 1986, MCI had disconnected Ally & Gargano, which had handled its consumer ad account, and consolidated all its creative work at D'Arcy, which previously handled the carrier's business-to-business advertising. Ally, which had been the leading MCI shop since 1979 and was responsible for the spots featuring Joan Rivers and Burt Lancaster, had made an unsuccessful bid to wrest the business-to-business account from Benton & Bowles in 1984.

The main business ad theme for MCI in 1986 was "Communication for the next 100 years," which appeared in all its TV spots and print ads. The corporation spent $12.5 million on network TV aimed at "executive watchers" during major sporting events. The campaign included commercials depicting MCI representatives competing against AT&T in athletic events, using the tagline "Because we compete. You win."

In an effort to expand its audience and remain competitive, the company joined American Express, Amway and Sears, Roebuck & Co. to target residential and small commercial markets. For example, MCI phone charges were billed through American Express cards, and an incentive program was provided Amway's 750,000 sales reps. Based on the successes of last year's tie-ins, MCI says it's seeking new partners to expand its efforts.

MCI holds a 12.5% long-distance share, a distant second to AT&T's 81% dominance. MCI holds a 16.1% share to the business market, says Blair Pleasant, analyst with the Yankee Group, Boston.

MCI Mail and CompuServe Inc. interconnected services in 1986, making it the first such domestic link of competing electronic mail services. The category was dropped from measured advertising spending in 1986.

MCI launched two new products in early 1987: MCI 800 service, an inbound WATS, and Prism Plus, a long distance service with "Dial 1" connections and distance-sensitive pricing for businesses spending $500 to $10,000 annually. In addition, a new hard card for savings when traveling was "restaged" by the company in May 1987.

"As we introduce new services, like 800 service, the initial campaigns will be print and broadcast, and there will be some follow-up with direct mail and telephone solicitations," said Gary Tobin, who was MCI director of corporate communications at the time.

Last year, MCI divested its Airsignal division (all assets and operations of its paging, mobile telephone and cellular telephone businesses) to a subsidiary of McCaw Communications Cos. of Kirkland, Wash.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,276	7,782
Magazines	6,716	2,194
Newsp. supps	101	0
Bus. pubs	1,233	271
Network TV	12,539	0
Spot TV	21,308	31,019
Network radio	2	0
Spot radio	564	97
Outdoor	16	0
Network cable	170	0
Total measured	44,924	41,363
Unmeasured	21,722	20,000
Total	66,646	61,363

MCI COMMUNICATIONS
1133 19th St. N.W.
Washington, D.C. 20036
(202) 872-1600
Marketing Personnel
Howard Crane, sr vp-corp affairs
Judy Ranzer, vp-adv & sales promo
Karyn Selko, mgr-adv
Advertising Agency
Wells, Rich, Greene, New York—Pat Casa, group dir; Lisa Frankel, assoc dir.

RANK

Melville Corp. 177

Harrison, N.Y.

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,262	4,775	10.2
Net income	238	211	13.1
U.S. advertising	44	36	23.2
Division sales	**1986**	**1985**	**% chg**
Marshalls	1,410	1,324	6.4
Meldisco	1,006	990	1.6
CVS	1,181	1,017	16.1
Kay-Bee	487	401	21.4
Thom McAn	484	482	0.5

Melville Corp., a specialty retail company including Marshalls and Thom McAn, increased its number of stores by 4.6% to 5,833 in the U.S. and Puerto Rico in 1986. The company plans 343 more store openings by the end of 1987, and it is focusing on new market areas.

The company divides its operation into four segments, with apparel claiming 33.4% of sales, footwear 29.1%, drugs 23.7% and toys and household items 13.8%. Measured ad spending rose 40.2% to $25.8 million in 1986.

Marshalls is the largest operation in the apparel division. The off-price retailer, with sales of $1.4 billion, up 6.5% from 1985, brought its store total to 261 in 1986. Institutional TV spots claimed virtually all Marshalls' total measured spending of $10.9 million in 1986, according to BAR/LNA, compared with only a third of the spending in 1985.

Thom McAn footwear had 1,033 stores at the end of 1986. The unit registered $484 million in sales last year, up 0.5%, and spent $2.7 million, in measured media, according to BAR/LNA. Most was in spot TV in 1986, vs. magazines in 1985.

This End Up, a Richmond, Va.-based furniture chain that Melville acquired in 1985, closed the year with a total of 158 outlets. It garnered $54 million in sales in 1986, up 26%. Some $769,000 in advertising was spent on magazines and newspaper supplements.

Kay-Bee, a toy and hobby chain with 639 stores located in shopping malls, rolled up sales of $487 million, a 21% increase over 1985. Kay-Bee spent $1.9 million in measured advertising in spot TV and magazines.

The 629-store CVS drug, health and beauty aids chain, recorded $1.18 billion in sales in 1986, up 16%, and spent $3 million in magazines and spot TV, versus $2 million in 1985, all on spot TV.

The 536-store Chess King, the young men's apparel chain, registered $252 million in sales in 1986, up 22%. Chess King dropped its spending in magazines from $416,000 in 1985 to $164,000 in 1986.

Prints Plus, acquired in 1985, expanded from 36 to 69 stores in 1986. Although it brought in only $18 million in sales, Melville has marked it for future expansion.

Stanley P. Goldstein, Melville president, was named chairman-ceo upon the retirement of Francis C. Rooney Jr. Mr. Goldstein retains the office of president.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,163	3,824
Newsp. supps	1,127	84
Network TV	0	146
Spot TV	16,121	14,330
Spot radio	6,407	2,540
Outdoor	17	46
Total measured	25,836	20,970
Unmeasured	18,000	14,600
Total	43,836	35,570

MELVILLE CORP.
3000 Westchester Ave.
Harrison, NY 10528
(914) 253-8000
Corporate Personnel
Stanley P. Goldstein, chmn & president-ceo
Kenneth K. Berland, vice-chmn, admin & financial officer
Robert C. Kuhn, exec vp
Michael Friedheim, exec vp
MARSHALLS INC.
Wakefield, Mass.
Marketing Personnel
Michael Friedheim, president
Larry Finn, sr vp-genl merch mgr
Advertising Agency
(In-house)—John Arruda, vp-adv.
THOM MCAN
Worchester, Mass.
Marketing Personnel
Larry A. McVey, president
Richard Cramer, vp-mktg
Richard Ferraioli, vp-sales
Stephen L. Merriam, dir-adv
Advertising Agency
Pro Media, Wellesley, Mass.—Nancy Greenberg, acct super.
LINENS 'N THINGS
Clifton, N.J.
Marketing Personnel
Robert L. Karan, president
Thomas L. Fraser, vp
Kevin R. Wood, vp
Advertising Agency
Par Communications, New York—Bob Liquori, acct exec.
CHESS KING
New York
Marketing Personnel
Richard C. Ricalde, president
James J. Costello, sr vp
Lucy Monroe, sr vp
Rocky Sullivan, sr vp
WILSONS HOUSE OF SUEDE
Los Angeles
Marketing Personnel
Joel N. Waller, president
Howard Bergman, vp
Roger Chatfield, vp
Carol Lund, vp
MELDISCO
Mahwah, N.J.
Marketing Personnel
Elliott Schwartz, president
Martin Falkoff, sr vp
Ernest Osorowitz, sr vp
OPEN COUNTRY
Worchester, Mass.
Marketing Personnel
Arthur L. Hogge III, president
Louis Rossomando, vp
PIMENTO
Hackensack, N.J.
Marketing Personnel
Harvey M. Schafler, president
Eugene DeCarlo, vp
Martin Diamond, vp
CONSUMER VALUE STORES (CVS)
Woonsocket, R.I.
Marketing Personnel
Harvey Rosenthal, president
J. Kevin Hughes, exec vp
David R. Jonson, exec vp
FREDDY'S
Rochester, N.Y.
Marketing Personnel
Fred R. Silverstein, president
Anthony Dambra, vp
Murray Freeman, vp
William C. Kingsford, vp
KAY-BEE TOYS
Lee, Mass.
Marketing Personnel
Saul Rubenstein, president
R. Michael Cronin, vp
C. William DeMyer, vp
Anthony Palino, vp
Gerald Reed, vp
THIS END UP FURNITURE CO.
Richmond, Va.
Marketing Personnel
Stewart H. Brown Jr., president
Elizabeth R. Brown, exec vp
PRINTS PLUS
Martinez, Calif.
Marketing Personnel
Arthur J. Padovese, exec vp-genl mgr
Jack Brandon, vp
James Kelly, vp
MELVILLE REALITY CO.
Harrison, N.Y.
Corporate Personnel
Daniel B. Katz, president

Talking 'cranness'

"Raspberry juice straight is too strong, too sweet, too heavy. Add cranberry and it's very drinkable"—sampling of what Ocean Spray dubs "cranness" in ads.

RANK

Mennen Co. 134

Morristown, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	300	225	33.3
Net income	62	51	21.7
U.S. advertising	62	51	21.5

Privately held Mennen Co., riding a wave of new product introductions, recorded a 33% increase in sales last year and increased advertising support for its most important brands. Measured ad spending rose to $41.1 million in 1986, up 21.2% from 1985. Its use of television increased sharply in 1986, with an 18% gain in network, a 73% jump in spot and a 48% rise in cable. At the same time, the company stopped using network radio.

For 1987, the company planned another 20% increase in its ad budget, President Hal Danenberg says.

In the antiperspirant category, Mennen's corporate share of the $1.3 billion market may move into second place by the end of the year, according to Diana Temple, an analyst at Salomon Brothers. She estimates that for the second quarter of 1987, Procter & Gamble had a 24.8% share, followed by Gillette at 16.5%, Mennen at 16.1% and Bristol-Myers with 9.7%. She notes that Mennen's share has risen dramatically from 15.2% in 1986.

During 1986, Mennen put strong ad support behind its leading brands in the category. The company increased spending behind the Speed Stick antiperspirant line by 41% to $8.4 million and Lady Speed Stick antiperspirant by 23% to $6.7 million, according to BAR/LNA. Spending behind Speed Stick regular deodorant slipped 12% to a still-substantial $5.9 million.

Real antiperspirant, introduced nationally in 1986 and backed with measured media of $6.3 million, showed steady sales gains last year, sources say. Lady Speed Dry, another recent entry, went into national distribution this year.

Mennen concentrated its efforts in the men's fragrance category to back its two biggest after-shave brands. Skin Bracer spending was level at $6.8 million, while Afta support dropped 8% to $4 million. Millionaire received no measured spending.

Mennen continues to actively support its Baby Magic line. Baby products, including shampoos and powders, are estimated to represent a $300 million market, and Mennen has been making inroads against Johnson & Johnson, the leader. Now the company is testing Baby Magic Conditioning Shampoo in Cincinnati.

Also being tested is a new laundry detergent, even though Mennen reportedly is moving away from the highly competitive detergent category.

In September, Mennen moved advertising accounts worth an estimated $20 million in billings to Lowe Marschalk from Campbell-Ewald, both New York offices of Interpublic Group-owned agencies. The brands involved included Baby Magic baby toiletries, Skin Bracer and Afta after-shave lotions and Real antiperspirant.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,824	2,561
Bus. pubs	180	0
Network TV	33,365	28,284
Spot TV	2,085	1,205
Spot radio	141	78
Network cable	2,548	1,724
Total measured	41,141	33,851
Unmeasured	20,661	17,000
Total	61,802	50,851

MENNEN CO.
Hanover Ave.
Morristown, N.J. 07960
(201) 631-9000
Corporate Personnel
Donald Horne, chmn
Hal Danenberg, president
John R. Huges, president, USA div
Marketing Personnel
Dominic J. La Rosa, vp-mktg
William J. Mathewson, vp-new prods
Richard Zenko, vp-mktg svcs
Advertising Agencies
Lowe Marschalk, New York—Afta after-shave, Mennen skin bracer, Real antiperspirant, Baby Magic line—Jeffery Tarakajian, sr vp-mgmt super; Steven Rosenblum, vp-acct super; James Orr, acct exec.
McCann-Erickson, New York—Speed Stick deodorant, Speed Stick antiperspirant, Lady Speed Stick antiperspirants, Lady Speed Dry roll-on—Gunnar Wilmot, sr vp-group dir; Doug Wise, sr vp-mgmt rep; Kim Corrigan, vp-acct super; Christina Deal, Kevin Scher, acct exec.

RANK

Metropolitan Life Insurance Co. 109

New York

($ in millions)

Worldwide	1986	1985	% chg
Total income	19,467	18,835	3.4
Net income	N/A	N/A	N/A
U.S. advertising	73	57	28.2

Concentrating its new product development efforts on life and health insurance and investment products, Metropolitan Life Insurance Co. boosted ad spending 28.2% in 1986, depite only a 3.4% growth in revenues.

The mutual insurance company is a leader in the development of healthcare cost-containment and managed health insurance plans.

Through its advertising campaign featuring Charles Schulz's "Peanuts" characters and its slogan, "Get Met, it Pays," the insurance company uses a variety of media to promote life insurance and employee benefit products to both general and corporate consumers. The insurer has used the cartoon characters since January 1985 to project an image of security and wholesomeness.

Metropolitan introduced three new life insurance products in 1986. Its multi-funded universal life product, known as "UL II," provides individuals with flexible life insurance premiums, enabling them to allocate premium dollars to several investment options, such as bonds, stocks and money market funds.

Another life insurance product, known as "Group Universal Life Insurance" enables employers to offer the same type of coverage as provided by UL II, but at group premium rates, which often are lower than rates charged to individuals.

In addition, the company introduced "Single Premium Life," marketed through stock brokerage houses as well as by Metropolitan Life's own sales force. Pension and personal life insurance products represented more than $35 billion in sales in 1986, according to the company.

The insurer also introduced a number of group health insurance products in 1986. One is Metropolitan's new "Triple Option" plan, which enables employers to offer their employees traditional group health insurance, a health maintenance organization or preferred provider organization coverage for one discounted premium. Usually, employers purchase each of these health plans separately.

A new Metropolitan healthcare cost-containment product reviews the treatments and procedures performed by physicians. The product, known as ambulatory utilization review, is popular with employee benefit managers.

Group insurance accounted for more than $41 billion in sales in 1986, according to the company.

Some $30 million of Metropolitan's advertising expenditures were for its various insurance and investment products, with the remaining being spent by its subsidiary, Irvine, Calif.-based Century 21 Real Estate. Metropolitan acquired Century 21 from Transworld Corp. of New York for $251.2 million in October 1985.

Metropolitan placed most of its ad dollars in TV and magazines, featuring the Young & Rubicam-inspired Peanuts ads.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,214	1,678
Magazines	8,284	6,924
Newsp. supps	52	83
Bus. pubs	47	505
Network TV	31,403	23,900
Spot TV	9,833	8,971
Spot radio	263	143
Outdoor	148	80
Network cable	1,820	19
Total measured	54,064	42,302
Unmeasured	18,900	14,600
Total	72,964	56,902

METROPOLITAN LIFE INSURANCE
One Madison Ave.

New York, N.Y. 10010
(212) 578-2211
Marketing Personnel
Robert B. Weinstein, asst vp-adv
Richard W. Keogin, vp-public affairs
Charles T. Cuneen, sr vp-public affairs & corp comm

Advertising Agency
Young & Rubicam, New York—Richard Jones, vp-mgmt super.

CENTURY 21 REAL ESTATE CORP.
Irvine, Calif.
Marketing Personnel
Bruce Oseland, sr vp-mktg & adv

Advertising Agency
McCann-Erickson, Los Angeles—natl adv—Bob Sutter, vp-acct dir; Colin Schleiming, acct super; Lisa Fettner, asst acct exec.

Minolta Camera Co. Ltd.

RANK **150**

Osaka, Japan

($ in millions)

Worldwide	1987	1986	% chg
Sales	1,815	1,440	26.0
Net income	65	40	62.6
U.S. advertising	56	57	(2.2)

The decline of the U.S. dollar against the Japanese yen helped produce poor results in fiscal 1987 for export-oriented Minolta Camera Co. Ltd. The firm derived 56.7% of its overseas sales from North America in the period, down from 60.8% in the previous year.

Minolta, the No. 1 seller of SLR 35mm cameras in the U.S., also has had to battle competition from Canon, which introduced an autofocus camera system of its own to compete with Minolta's highly successful Maxxum line. It was the introduction of the Maxxum that shot Minolta into the lead in U.S. SLR camera sales.

The 18% increase in the yen's value against the dollar meant that North America's 19% increase in dollar sales actually was a drop of 11.7% in yen. The Osaka-based company derives 77% of its sales from abroad.

Eugene Glazer, technology analyst for DeanWitter Reynolds, says, Minolta had tremendous lead time in the autofocus field because of its Maxxum and made the most of it. Now others are catching up.

Even though other manufacturers have introduced their own autofocus cameras and lenses, the experts say it will take more than matching systems to lure both amateur and professional photographers to buy competitive equipment. The reason? Price. The new equipment will be incompatible with photographers' existing systems.

During 1986, Minolta also expanded its business equipment lines and moved heavily into the office automation market. But the falling dollar forced the company to make cuts. And one of the casualties was the advertising budget. Total advertising expenditures in 1986 dropped 2.1% to an estimated $55.5 million. About half of the total is unmeasured advertising. A company spokesman says the ad estimates basically were in the ballpark.

Minolta is seeking a more specific audience for its advertising. A Minolta source says the company's broadcast advertising of two years ago—when Minolta began making copying machines—did the job of convincing the public that Minolta was not just a camera company. Now, he says, "we want to target more specifically."

With that in mind, ad campaigns have focused on national publications that target business decision-makers. In local markets, advertising has gone to business journals and publications for "highly targeted vertical markets" including lawyers, doctors and other professionals.

In the business equipment area, the company has focused on full-line advertising rather than single-product ads. The company plans to expand its office automation segment, aiming at fully integrated packages that include keyboard-based equipment, such as word processors, and telephone-based equipment, such as facsimiles. North America accounted for 55.9% of Minolta's business machine sales abroad in 1986.

The company also has a strong cooperative advertising program for dealers, which lets them make use of local newspapers and TV. Minolta has established a video studio to produce advertising to help dealers better target local markets.

The company has continued to expand its photography lines, introducing its Minolta 5000 autofocus for less sophisticated users in April 1986, its Freedom Dual lens-shutter compact camera in April 1987 and its Minolta Master Series C-3300 video camera, also in April 1987. But most of its new products came in the business equipment and office automation field.

During the year, it entered the high-volume copier market—after competing mainly in the low and middle volume areas—with the introduction of the 800 series.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	245	335
Magazines	6,402	5,921
Newsp. supps	0	156
Bus. pubs	801	1,002
Network TV	11,716	15,538
Spot TV	5,635	3,229
Network radio	692	0
Outdoor	121	82
Network cable	545	471
Total measured	26,155	26,734
Unmeasured	29,350	30,000
Total	55,505	56,734

MINOLTA CORP.
101 Williams Drive
Ramsey, N.J.
(201) 825-4000
PHOTOGRAPHIC DIVISION
Corporate Personnel
Sam Kusumoto, president
Kaz Umeda, vp

Marketing Personnel
James D. deMerlier, dir-adv & pr
Thomas E. Wardrop, natl adv mgr

Advertising Agency
William Esty Co., New York—SLR cameras, lens shutter cameras, video cameras, videocassette players/recorders, binoculars—Hank Greer, sr vp-acct dir; Philip G. Schwetz, sr vp-mgmt super; Salvatore Colombo, sr acct exec; Rand Pearsall, acct exec; Amanda Sawyer, asst acct exec.

BUSINESS EQUIPMENT DIVISION
Corporate Personnel
Sam Kusumoto, president, Minolta Corp
Al Kusada, vp-genl mgr, business equipment div

Marketing Personnel
John Vacca, dir-mktg comm
Tad Yokota, dir-mktg, document imaging systems

Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, New York—business equipment—Al Shapiro, sr vp-acct group dir; Laurene Freehill, sr acct exec; Dale Davis, acct exec, Micrographics—Al Shapiro, sr vp-acct group dir; Jane Spachter, acct super; Donna Krams, acct coord.

Mitsubishi Motors Corp.

RANK **193**

Tokyo

($ in millions)

Worldwide	1987	1986	% chg
Sales	10,761	10,900	(1.3)
Net income	100	175	(42.8)
U.S. advertising	35	34	2.7

Steady growth has been the pattern for Mitsubishi Motor Sales of America, since the Fountain Valley, Cal.-based subsidiary of Mitsubishi Motors Corp., began marketing cars and trucks in this country in 1982. Advertising in 1986 remained near year-earlier levels, as did car sales, which were restricted by import quotas imposed by the Voluntary Restraint Agreement.

Industry analysts expect steady growth to accelerate into dramatic growth with the start of U.S. auto production next year. Likewise, company plans call for a 20% increase in the ad budget next year.

MMSA is the U.S. sales arm of Mitsubishi Motors Corp., Toyko, Japan. Principal shareholders in MMC include Mitsubishi Heavy Industries Ltd. (65%), Chrysler Corp. (25%) and Mitsubishi Corp. (10%).

Just as Chrysler owns a piece of MMC, Mitsubishi owns a 15% share of Hyundai. MMC designed the engine and supplies the automatic transmission for Hyundai's Excel. The South Korean-built car is being sold as the Precis under the Mitsubishi nameplate at 167 MMSA dealerships in 58 markets across the U.S.

The parent, Mitsubishi Motors Corp., which does not break out sales figures for its U.S. subsidiary, reported a drop in worldwide earnings of 42.8%, and a sales decline of 1.2%. Sales and earnings for both fiscal years were converted from yen to dollars at the exchange rate of 144.85Y=$1.

Unit car sales for calendar 1986 rose 9.4% over 1985 to 84,421—49,436 cars and 34,985 trucks. Prior year sales of 76,473 units were up 35% from 1984.

MMSA fell short of its sales projection of 100,000 cars and trucks for 1986. The company also had projected sales of 140,000-150,000 units for 1987. By mid-1987, U.S. sales stood at 59,635 units—34,147 cars and 25,488 trucks.

In 1986, Mitsubishi sold 14,639 entry-level Mirage models, with prices starting at $5,969 for the two-door. Ad support totaled $1.2 million, according to BAR/LNA. This vehicle was closely followed in popularity by the Galant, a four-door luxury sedan with prices starting at $14,139, which sold 14,363 units and received $3.2 million in measured media spending. Next came the $9,559 four-door Tredia (9,449 units), on the receiving end of $630,000 in media spending; the little advertised Cordia, a two-door sport hatchback priced at $9,859 (4,997 units); and Starion LE turbo coupe priced at $15,649 (5,792 units), which got $4.8 million in measured spending.

Mitsubishi actually sold 298 fewer cars in 1986 than 1985, a decline of 0.6% from the previous year. This also represented a slight decline in its import car market share, to 1.52% from 1.7% in 1985. By contrast, Toyota's share of the imported cars in the U.S. in 1986 stood at 19.7%, followed by 15.1% for Nissan, 14.1% for Honda, 6.8% for Mazda. Mitsubishi ranks sixth among Japanese auto importers and fifth in trucks.

Sales and market share figures are expected to change abruptly once the Mitsubishi production facility gets under way in 1988. The plant in Bloomington-Normal, Ill., operated by Diamond-Star Motors Corp., is a joint venture between MMC and Chrysler Corp. Diamond-Star will produce up to 240,000 cars a year, and the two companies will share in the output. Chrysler has sold Mitsubishi vehicles under Dodge and Plymouth nameplates since 1970.

Compact trucks, a category not restricted by the voluntary import quotas, accounted for about 40% of measured media, or about $7.9 million, the largest share for any Mitsubishi product. Most of that expenditure, according to BAR/LNA, went for spot TV.

Spot TV for all brands represented about 35.4% of the company's measured media expenditures for 1985, down from about 53% in 1985. Other major media shares were magazines, 18.1%; newspapers, 15.9%; network TV, 12.3%; and business publications, 7.1%.

The year also saw the company's first use of network TV for the introduction of a refurbished line of pickup trucks and existing sports/utility vehicles. Network TV in September-October for MMSA and its dealer groups was $15-$17 million for the fall campaign. A substantial portion of the $7.1 million in unmeasured media spending in 1986 was devoted to a cooperative ad program for dealers.

In March 1987, Mitsubishi dealerships began receiving the "car that make sense," the Hyundai-manufactured Precis, a South Korean subcompact similar to Hyundai's popular Excel. The Precis (rhymes with "thesis") is expected to account for 20% of Mitsubishi's 1987 ad budget.

Sales of the Precis, like imported Japanese trucks, are not governed by the quotas in the Japanese Voluntary Restraint Agreement. This permits MMSA dealers to boost sales and profits with these new economy models without cutting imports of its higher-price, and more profitable, Japanese cars. Mitsubishi forecasts sales of 30,000 Precis cars this year, about 37% of a total 80,000 projected car sales for 1987. Between its introduction in March and Sept. 30, Precis sales were 16,047. To Sept. 1, total passenger car sales amounted to 47,480 units, a 32.6% increase over the same period in 1986.

Promotion for Precis uses the term "Imported by Mitsubishi" in ads. The $6 million campaign included two TV spots that began airing in early March in the 31 markets covered by Mitsubishi dealers and ran through mid-April. Dealer associations were expected to spend an additional $2 million during the launch.

For the 1988 car year Mitsubishi reintroduced its top-of-the-line Galant sedan as the Galant Sigma with a new 3-liter, V-6 engine. The front-wheel-drive Sigma, priced at $16,549, is being promoted as a bargain when compared with Toyota's Cressida (which costs more than $20,000) and as offering more for the money than the similarly priced Nissan Maxima. In supporting the upscale Galant Sigma, Mitsubishi also took shots at American Honda; MMSA marketers dubbed the car the "Acura killer."

Sigma was launched with a $5.1-million ad program aimed at affluent professionals. The campaign premiered during the U.S. Open in September. Mitsubishi estimates it will sell 15,000-20,000 Galant Sigmas during the 1988 model year.

Introductory campaign for the entire '88 line was pegged at $12.2 million, with an estimated 50% of that being spent on Sigma, reportedly the largest expenditure ever made by Mitsubishi for the launch of new models. The Mirage, promoted as a family car, had the benefit of $2.8 million of the budget, with another $2.8 million allotted to pickup truck advertising that emphasized price/value advantages.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,509	5,362
Magazines	6,260	4,712
Bus. pubs	1,954	1,972
Network TV	3,383	0
Spot TV	9,677	14,210
Spot radio	146	213
Outdoor	124	0
Network cable	270	129
Total measured	27,323	26,597
Unmeasured	7,191	7,000
Total	34,514	33,597

MITSUBISHI MOTOR SALES OF AMERICA
10540 Talbert Ave.
Fountain Valley, Calif. 92708
(714) 963-7677
Marketing Personnel
Garrett J. (Mike) Nash, vp-mktg
Frances Oda, adv mgr
Jeanne Hoover, sales promo mgr
Tim Gallagher, pr mgr

Advertising Agency
Grey Advertising, Los Angeles—Bruce McRitchie, sr vp-genl mgr; John Miley, vp-group mgmt super.

A BMW marketing 'formula'

In 1986, BMW's zest for racing continued with its two-car entry in the International Motor Sports Assn. GTP Championship racing circuit and with expansion of BMW/Skip Barber Advanced Driving School for auto enthusiasts. The driving school, run by former Formula One drivers, has four locations—Connecticut, California, Florida and Wisconsin.

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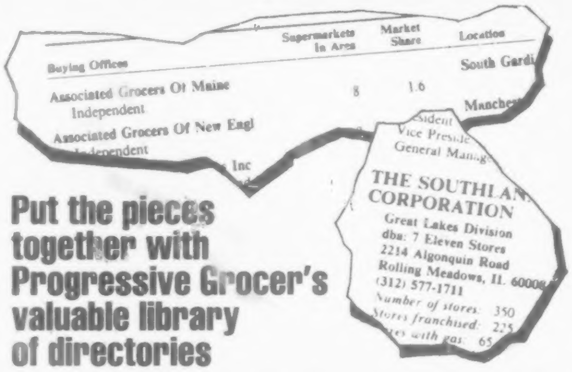

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PROGRESSIVE GROCER INFORMATION SALES

72A

NEC Corp.

RANK **165**

Tokyo

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	16,779	15,991	4.9
Net income	103	186	(44.7)
U.S. advertising	50	32	54.2

Division sales	**1987**	**1986**	**% chg**
Communications	4,794	5,117	(6.3)
Computers	6,932	5,858	18.3
Electron devices	2,856	3,022	(5.5)
Home electronics	1,290	1,226	5.2
Other	908	768	18.2

NEC Corp., Tokyo, dramatically expanded its advertising and marketing efforts in 1986, particularly for consumer electronics products. Overall, the Japanese company, which previously had maintained a low profile, is working to develop a higher visibility and a stronger corporate image in the U.S.

Sluggish demand from developing nations and a worldwide slump in the semiconductor industry helped contribute to the company's slow growth in worldwide sales. So, too, did the strong yen. Sales in NEC's export markets actually dropped 10% in yen. NEC does not break out sales specifically for North America. Figures for both 1987 and 1986 fiscal years in the accompanying box were converted at the rate of Y146=$1.

The company, according to measured media reports, spent $25 million in media advertising in 1986, up 28.2% from 1985. Largely a business-to-business advertiser, NEC spending is dominated by print. Spending in general interest magazines gathered steam in 1986, growing 75% to $12.1 million; campaigns in business papers grew 41.3% to $8.9 million. NEC says its total media budget for the year was $31.8 million.

The company's leading U.S. subsidiary, NEC America, Melville, N.Y., markets communications systems. Other subsidiaries are responsible for computer systems and consumer products, including VCRs and televisions. The subsidiaries handle their own advertising and marketing, with varying levels of guidance from NEC corporate headquarters in Tokyo.

This year, NEC Home Electronics received a major infusion of marketing money, $40 million. The funds are being put into a major TV and print campaign promoting all the company's consumer electronics products. By comparison, during 1986 NEC Home Electronics spent about $5 million in measured media, according to LNA figures, with spending on its color TVs the most, at $1.4 million.

NEC America also launched a major corporate campaign in 1986. Called Famous Persons, the ads use Leonardo da Vinci, Beethoven and Casey Stengel to illustrate how well NEC products work together. Another new campaign, referred to as the Kids ads, are based on real life examples of children visiting NEC facilities. They are designed to give the company "a high touch feeling, not just high tech," says Glenn Crane, director of corporate communication and marketing.

Last year NEC America spent approximately $4 million on advertising and promotion, according LNA figures, almost four times what it spent the year before. Hakuhodo America, New York, handles the NEC America account.

NEC Information Systems broke a major print and TV campaign for its APC personal computer line and the company's highly regarded computer printers, described as the subsidiary's largest campaign ever. The year before, the company had introduced its IBM-compatible computers with a $5 million TV campaign. Boston-based Ingalls, Quinn & Johnson handles the account.

The company recently renewed its $2 million sponsorship contract of the World Series of Golf for another three years.

One element that will run through all NEC advertising is the company's new creative positioning. "Networking—how all our products work together—is the biggest message we will be putting out," says Mr. Crane.

NEC America media usage will continue to be heavy in print. The advertiser placed ads in 181 publications in 1986. Other units also are extensive print users. Much of NEC's broad-audience print advertising—ads in general business publications—are placed from Tokyo, says Mr. Crane.

NEC selectively uses conventional TV and cable TV, particularly CNN and USA Cable networks. Though modest in size, expenditures of $441,000 on cable TV and $423,000 on network TV monitored by BAR/LNA in 1986 will increase dramatically in 1987 because of major new TV campaigns by NEC's Home Electronics and Information Systems subsidiaries.

The company also is initiating better media management to improve coordination of media placement among divisions. The company wants to pressure publications in which it is a frequent advertiser into giving it greater discounts—which may be difficult as long as advertising is loosely coordinated.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,883	4,707
Magazines	12,117	6,846
Newsp. supps	40	0
Bus. pubs	8,912	6,338
Network TV	423	204
Spot TV	36	615
Spot radio	53	3
Outdoor	186	247
Network cable	441	526
Total measured	25,090	19,487
Unmeasured	25,000	13,000
Total	50,090	32,487

NEC AMERICA INC.
8 Old Sod Farm Road
Melville, N.Y. 11747
(516) 753-7000

Corporate Personnel

Masami Shinozaki, sr vp-corp mktg
Glenn Crane, dir-mktg comm, corp mktg div

Marketing Personnel

Jeff White, mgr-mktg & planning, broadcast equipment div
Ivan Launer, mgr, adv/conventions, business systems sales div
Chris Nakamoto, mgr, prod support, data comm prods department
Y. Akiyama, mgr, electromechanical devices department
Herbert C. Johnson, dir-mktg, facsimile div
Jack Pelzman, mgr-adv & pr, mobile radio div
Masaru Sakamoto, sr sales admin, new prods department
Sherrie Sullivan, mgr-adv & promo, radio & transmission systems group
Russ Heuer, mgr-mktg comm, switching systems div

Advertising Agencies

Andrews Mautner, Milwaukee, Wis.—CCD cameras, radio & tv transmitters, digital video effects—Kit Vernon, exec vp.

Hakuhodo Advertising America, New York—corp adv—Lou Lehner, sr vp; Robert Schulman, acct dir. Cellular mobile phones, pagers—Brian Ribbey, acct super, L.A.

Kopf & Isaacson, Melville, N.Y.—PBX & key systems, facsimile—Ken Kopf, partner; Lisa Lennard, acct super.

Lemons Communications, Irving, Texas—central office switching systems—Brian Lemons, acct super.

Stackig, Sanderson & White, McLean, Va.—microwave radio, satellite comm, fiber optic network systems, carrier transmission prods—Larry Anderson, Joan Garber, acct supers.

Winston Advertising, San Jose, Calif.—data comm prods including modems and mediaboard—Monica Newman, acct super.

NEC ELECTRONICS INC.

Marketing Personnel

Bruce Hildebrand, dir-corp comm
Denise Iwata, adv mgr

Advertising Agency

(In-house)

NEC HOME ELECTRONICS INC.

Marketing Personnel

Gerald Tangney, vp-corp mktg comm
Grant Schneider, dir-mktg comm
Stan Gray, sr vp-mktg, audio/video div
Keith Schaefer, sr vp, personal computer div
Tom Martin, asst vp-mktg, personal computer div
Jerry Benson, asst vp-mktg, personal computer div

Advertising Agency

DDB Needham, New York—NEC home electronics—Darrell Lindberg, vp, personal computer prods; Alexa Cullman, acct super, personal computer prods; Al Mitchell, Val Gleason, acct execs, audio & video prods.

NEC INFORMATION SYSTEMS INC.

Marketing Personnel

Richard M. Underwood, president
Frank Girard, vp-systems mktg
C. Richard Harrison, vp-peripherals mktg
Richard Bochenek, vp-mktg operations
Peter V. Ferguson, dir-mktg comm

Advertising Agency

Ingalls, Quinn & Johnson, Boston—Jeff Johnson, acct exec, personal computers; Liz Farley, acct exec, peripherals.

Faberge jilted by Notorious

Faberge placed its eggs in the wrong basket when it negotiated with Edison Bros., St. Louis, over the use of Notorious, a trade name under dispute with Cosmair Inc. A district court judge in January 1987 ruled Cosmair owned the name.

News Corp. Ltd.

RANK **181**

Sydney

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	2,670	1,900	40.5
Net income	170	74	128.4
U.S. advertising	43	41	4.0

Riding the wave of media acquisitions, News Corp. Ltd. recorded record revenues and income for the fiscal year that ended this June. Rupert Murdoch's empire has doubled its sales and increased profits more than five times in five years as News Corp. continues to expand into virtually all media areas.

Its most recent acquisitions include the purchase of the Herald and Weekly Times Ltd. and associated companies in Australia, the Hong Kong-based South China Morning Post Ltd. and, in the U.S., Harper & Row Publishers Inc., New York.

News Corp. also completed, though with some problems, the $50 million launch of Fox Television Co., a fourth network carried on a majority of the U.S.'s independent television stations. Its prime-time lineup has grown to modest ratings and generally critical approval, while its "Late Show with Joan Rivers" had disastrous ratings, lost its host and is now simply "The Late Show."

The company's base continues to be newspapers on three continents, which provide half of its revenues. News Corp. publishes *The Australian*, that country's only national newspaper, and London's *Times* and *Sunday Times*. In the U.S., Mr. Murdoch may be getting out of the newspaper business, or at least cutting his losses by selling the unprofitable *New York Post* as well as the now-profitable *Boston Herald*. Mr. Murdoch told analysts recently he would not seek a permanent waiver of the federal "cross-ownership" rules that prevent multiple ownership of media in the same market. A waiver would allow him to keep his newspaper and TV station properties in both New York and Boston.

News Corp.'s interest of late is in acquiring book publishers. In 1986, the company bought Harper & Row, New York, and most recently, Mr. Murdoch increased to 13.5% his stake in Pearson PLC, owner of London's *Financial Times*, Penguin Books and the New American Library.

News Corp. says it won't make a full bid for Pearson, but rather work with the British publisher on international publishing ventures. This could include the joint marketing of Penguin and Harper & Row books. Also, analysts say News Corp. could use excess printing capacity at its Hong Kong-based *South China Morning Post* to print an Asian edition of the *Financial Times*.

News Corp. laid out $1.3 million in advertising on the seven Fox Television stations for general promotion. The stations, which include WFXT-TV in Boston and WNYW-TV in New York, have a 23.9% coverage of all U.S. TV households and constitute the core of Fox Broadcasting Co.

According to BAR/LNA, the company's largest segment of advertising—20th Century Fox films—decreased its spending 7.2% in 1986 to $19 million, in part because the studio was promoting 10 movies compared with 15 in 1985. Spending on the *Star*, Mr. Murdoch's weekly supermarket magazine, decreased by 7.8% to $9.7 million. The *Star* changed from tabloid to magazine and had a rate base increase of 300,000 to 3.5 million copies a week.

Mr. Murdoch also spent less on *Elle*, one of his fastest-growing titles. The magazine, published jointly with French publisher Hachette, received $450,000 in spending in 1986, down 51%. *Elle* has grown from about 300,000 monthly circulation in late 1985 to more than 700,000 in mid-1987.

Spending for *European Travel & Life*, which Mr. Murdoch acquired in March 1986, was $128,000.

In January 1987, the slick travel magazine went from a bi-monthly to ten times a year. For *Automobile*, a special-interest consumer magazine startup in 1986 with initial circulation of 200,000, Mr. Murdoch spent $326,000 advertising subscriptions.

Another promising magazine launch was *Premiere*, a monthly movie magazine for the general reader. With a guaranteed rate base of 250,000, *Premiere* has been a critical success.

Some analysts expect *Premiere* to go fortnightly to accommodate the quick release and short life span of new movies.

In newspapers, the *Post* received $990,000 in advertising backing subscriptions and general promotion, a decline of 22%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	711	113
Magazines	3,930	2,645
Newsp. supps	169	377
Bus. pubs	275	253
Network TV	5,688	6,592
Spot TV	25,125	23,992
Network radio	103	214
Spot radio	849	854
Outdoor	110	310
Network cable	996	1,126
Total measured	37,954	36,476
Unmeasured	5,200	5,000
Total	43,154	41,476

NEWS CORP. LTD.
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288-3000

Corporate Personnel

Rupert Murdoch, chmn & ceo

NEWS AMERICA PUBLISHING
New York

Marketing Personnel

Martin Singerman, president

MURDOCH MAGAZINES

Marketing Personnel

John Evans, president
Les Hinton, exec vp

TWENTIETH CENTURY-FOX FILM CORP.
Los Angeles

Marketing Personnel

Barry Diller, chmn & ceo
Alan Horn, president-coo
Jonathan Dolgen, sr exec vp

FOX TELEVISION STATIONS
New York

Marketing Personnel

Kenneth Becker, vp, dir-business affairs

HARPER & ROW PUBLISHERS
New York

Marketing Personnel

Norman Pomerance, group vp, genl books div
Edward L. Burlingame, sr vp-publisher, trade div
Neal Sweet, vp-publisher, college div
Nak Young Choung, vp-dir, intl div
M.S. Wyeth Jr., vp-exec editor, trade div

Advertising Agencies

AC&R/DHB & BESS, New York—Stephen Rose, ceo.

Grey Entertainment & Media, New York—Al Lieberman, president.

Peter Rogers & Associates, New York—Peter Rogers, president.

North American Philips

RANK **103**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,532	4,395	3.1
Net income	69	82	(16.0)

U.S.	**1986**	**1985**	**% chg**
Sales	4,326	4,217	2.6
Operating profits	N/A	N/A	N/A
Advertising	79	68	17.1

Competitive imports from the Far East, fierce price competition and the weak U.S. dollar continued to wreak havoc on profit margins of almost every division of North American Philips Corp. in 1986.

NAPC returns remained static as earnings dropped 16.5% on a sales growth of 3.1% in 1986 compared to 1985. These results compare to an earnings decline of 37.4% on a 1.6% growth in sales in the 1985-1984 period.

The company nonetheless continued to introduce new products and boosted its advertising spending 17%, to an estimated $79.4 million.

The company switched agencies on its Norelco and Magnavox product lines last year. The Norelco shift was part of a review of suppliers under new management. Dick Kress, president of the Consumer Products Division, left in November 1986; he was replaced by Winfried van't Hoff from The Netherlands headquarters.

The biggest beneficiaries in measured media were network and spot TV. NAPC increased network spending 35%, to $18.5 million in 1986, and doubled spot TV spending to $10.7 million. Outdoor and business papers were all but eliminated from the media mix.

The big advertising division, NAP Consumer Products, had sales of $2.4 billion, up 3.1% from 1985, and operating income of $32.9 million, down from $72.2 million the prior year. The most troubled segment within the division was the NAP Consumer Electronics Corp. It reported sales of $1.3 billion, up 8%, and an operating loss of $6.4 million, compared to an operating loss of $19.6 million in 1985.

The consumer products division was reorganized in 1986 to coordinate worldwide development, engineering and product planning with NAP's parent company, N.V. Philips of The Netherlands, which owns 58% of its stock.

N.V. Philips and its overseas affiliates also supply NAPC with products equivalent to 20% of NAPC's sales—a problem for NAPC with the dollar at an all-time low. NAPC imports its electric razors, TV and audio products from N.V. Philips.

NAPCEC revenues grew primarily from the division's sales of Magnavox, Philco and Sylvania electronics lines of color TV sets, video cassette recorders and compact disc players, all of which are in rapidly growing markets where pricing is influenced heavily by less-expensive imports from the Far East.

The market for compact disc players, for example, grew by 86% last year, resulting in the sale of 1.8 million units. There are 75 brands and 500 models available in the market.

In 1986, the Magnavox product lines were broadened to include a wide range of high-tech systems such as the Magnavox Videowriter home word processor, billed as "the first complete word-processing system for the home."

The electronics line continued to draw heavy advertising in 1987. In mid-September, Magnavox launched a $20 million print and TV campaign titled "Smart, Very Smart," using Comedians Dick and Tom Smothers.

The campaign, designed to make high-tech changes in the products seem less intimidating, was created by agency Backer Spielvogel Bates, New York, which won the Magnavox account in 1986. Philco/Sylvania advertising is still handled in-house.

The consumer products groups' electical products segment—which includes such operations as North American Philips Lighting Corp., Norelco and Philips Home Products—reported $890 million in sales and $15.9 million in net income in 1986, down from $907 million and $73.5 million, respectively, in 1985. The loss in net income was caused by the high cost of introducing the Philips light bulb line, as well as price competition from low-cost imports, the company says.

The new light bulb line was backed by a $15 million advertising campaign called, "It's time to change your bulb." The light bulb line maintains a 20% share of the $1 billion light bulb market, compared with 60% for General Electric.

Within the electrical consumer products segment, the Norelco Consumer Products subsidiary maintained its lead in the $280 million electric shaver market with a share of 53%, despite price competition.

In 1986, Norelco added five new men's shavers to its line. It also added an automatic shut-off iron, four new coffee makers and a wide array of garment care products.

In the hand iron category, Norelco remains far behind leaders Black & Decker (with a 41% market share) and Wear-Ever/Proctor-Silex (20%), according to Dana Chase's *Appliance* magazine. In drip coffee makers, Norelco ranked No. 2 with a 16% share compared with No. 1 North American Systems' 23%.

D'Arcy Masius Benton & Bowles, New York, became the new Norelco agency, replacing McCaffrey & McCall, New York.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	276	647
Magazines	6,044	7,445
Newsp. supps.	416	323
Bus. pubs	366	2,259
Network TV	18,570	13,781
Spot TV	10,733	5,311
Network radio	678	570
Spot radio	218	740
Outdoor	1	60
Network cable	1,107	1,680
Total measured	38,409	32,814
Unmeasured	40,968	35,000
Total	79,377	67,814

NORTH AMERICAN PHILIPS
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Corporate Personnel

Cees Bruynes, chmn-president

N.A.P. CONSUMER ELECTRIC CORP.
Knoxville, Tenn.

Corporate Personnel

Donald F. Johnstone, president

Marketing Personnel

William Ulewicz, vp-Magnavox sales
Rick Policicchio, vp-Sylvania/Philco sales
Robert Beasley, vp-NAPCEC mktg
Frans Bastiaanssen, vp-operations
David Rivoira, vp-new business ventures
Dick Whittington, mktg mgr, Philips Home Interactive Systems

Advertising Agencies

Lowe Marschalk, New York—Philips Home Interactive Systems—Karl Maier, vp-mgmt super.

Backer Spielvogel Bates, New York—Magnavox div—Charles Decker, sr vp-mgmt super.

CONSUMER PRODUCTS DIVISION
Stamford, Conn.

Marketing Personnel

Winfried van't Hoff, president
John P. Rohmer, adv mgr

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—Svend Mejdal, acct exec.

N.A.P. LIGHTING CORP.
Somerset, N.J.

Marketing Personnel

Alan K. Hegedus, president-mktg
Charles Stuart, exec vp-sales & mktg
Jerry Preyss, dir-mktg operations

Advertising Agency

Saatchi & Saatchi DFS Compton, New York—Tom Bohan, mgmt dir; Joe McCarthy, mgmt super; Tom Hay, acct super; Chuck Hirsh, acct exec; Mary Rowe, asst acct exec.

PHILIPS HOME PRODUCTS
Akron, Ohio

Marketing Personnel

John T. Gray, president
Michael Reilly, vp-mktg & sales
Michael Fox, adv mgr

Advertising Agency

W.B. Doner & Co., Cleveland and Detroit—Peter Robinson, acct mgr.

ANCHOR BRUSH CO.
Montgomery, Ill.

Marketing Personnel

B.F. Bouldin, president
B.L. Slaughter, vp-mktg

PHILIPS BUSINESS SYSTEMS
Woodbury, N.Y.

Marketing Personnel

Paul Dentone, president
Timothy Holmes, adv dir

Advertising Agency

Greenstone & Rabasca, Woodbury, N.Y.—Richard D'Amico, vp-acct super.

PHILIPS MEDICAL SYSTEMS
Shelton, Conn.

Marketing Personnel

Dominick M. Protomastro, president
Ross Trimby, vp-mktg

Advertising Agency

Doyle Graf Mabley, New York—Peter Larson, acct super.

RANK
NWA Inc. 153

Eagan, Minn.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,589	2,655	35.2
Net income	77	73	5.2
U.S. advertising	53	46	15.0

Division sales	1986	1985	% chg
Passenger	2,920	2,154	35.6
Freight	407	328	23.8
Mail	88	80	9.2
Charter/other	78	56	39.3
Other	96	37	163.4

NWA Inc., the Eagan, Minn.-based parent of Northwest Airlines, hit unexpected turbulence in combining its operations with those of Republic Airlines, the Minneapolis-based carrier it acquired for $862 million in October 1986.

Labor disputes resulting from merged workforces caused morale problems and alleged sabotage at Northwest's major hub operations in Detroit, Memphis and Minneapolis/St. Paul. Passenger luggage routing tags, for example, were said to have been deliberately removed by disgruntled employees, and mechanics reportedly stalled plane repairs, causing delays throughout Northwest's route system.

Most of that turmoil has ended, however, and the airline now is trying to position itself as a major national and international carrier—serving 135 cities—in an increasingly confusing deregulated environment.

Worldwide ad spending for NWA in 1986 was $67.4 million, a 48% jump from 1985, due mainly to three months' worth of advertising from newly-acquired Republic, which spent $25 million for the year as a U.S.-only carrier. Of the 1986 Northwest total, $31 million was spent on passenger advertising in the U.S. and another $29 million overseas for trans-Pacific and European routes. Those figures, which included $17.2 million in measured U.S. media spending, will remain essentially the same for 1987. (Spending by Republic prior to Oct. 1, 1986, is not included in the figures, although in the measured totals).

Mainline Travel, a Minnetonka, Minn.-based tour wholesaler known as MLT Vacations, spent approximately $5 million during the year on newspaper ads promoting leisure travel packages to Las Vegas and other cities. The remaining ad budget is spent primarily on cargo and other non-passenger services.

While American, Continental, TWA and other airlines already had routes sprawled across the country, Northwest and Republic's strength mainly was confined to the Midwest and Southeast. "We have the most ground to make up as it relates to national awareness of [Northwest] as a national airline," says John Temple, senior VP-marketing programs at Northwest. But, he says, "the synergy we hoped for in the merger is definitely there. We've increased traffic but decreased capacity."

Northwest Airlines passenger service revenues of $2.92 billion in 1986 accounted for 81% of companywide operating revenues. In the first half of 1987, NWA earned net income of nearly $15.7 million; during the year-ago period, NWA lost $23 million. Operating revenues were $2.48 billion, up 85.3% because of the addition of Republic flights.

Northwest's marketshare in 1986 climbed to 9.9%, compared with 6.9% without Republic in 1985. For the first nine months of 1987, its share of revenue passenger miles was 9.3%, ranking it sixth among U.S. airlines.

Saatchi & Saatchi DFS Compton, New York (and a service office in Minneapolis), has refined the initial image campaign and focused it more on WorldPerks, the frequent-flyer program the agency handled under Republic's stewardship.

The agency's first image effort for the combined airline, themed "Look to us. Fly with us. Northwest," was replaced in September 1987 by a harder-edged pool of eight 15-second TV spots. These humorously highlight attractive frequent-flyer bonuses, lower fares and convenient schedules to U.S., European and Pacific destinations.

Northwest plans to add off-peak Atlantic and trans-Pacific routes (Manchester, England, and Tokyo) backed with ad support, and will introduce senior-citizen and vacation travel programs jointly with NWA's MLT Vacations unit.

The airline has received Department of Transportation approval to begin service some time in 1988 from Boston to Manchester, England. In April 1987, Northwest began nonstop service to Tokyo from its Detroit hub. Northwest Airlink, a marketing partnership linking four regional commuter carriers to Northwest's main route system, adds 60 small U.S. cities to the network.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	22,219	16,851
Magazines	8,536	3,634
Newsp. supps.	144	0
Bus. pubs	535	71
Network TV	938	0
Spot TV	4,712	12,205
Network radio	587	0
Spot radio	2,672	3,878
Outdoor	1,555	331
Network cable	631	0
Total measured	42,529	36,970
Unmeasured	10,353	9,000
Total	52,882	45,970

NORTHWEST AIRLINES
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Marketing Personnel

A.B. "Sky" Magary, exec vp-mktg
W. Thomas Lagow, sr vp-mktg planning
Montie Brewer, sr dir-schedule planning
Raymond Foss, vp-mktg systems
Eric Wilson, sr dir-reservations sales
David Behrends, vp-cargo
Ross Kohlman, sr dir-sales
John Temple, vp-mktg programs
Jean Caselli, sr dir-passenger mktg program
Judith Mitchell, sr dir-mktg comm
Susan Goode, dir-mktg rsch

Advertising Agencies

Kolesar & Hartwell, Minneapolis—industry mktg (trade adv), meetings and incentives, cargo—David Kolesar, president, mgmt super; Doug Sietsema, exec vp; Bob Sievers, acct super; Jill Cole, Sheri Hermanson, acct execs.

Saatchi & Saatchi DFS Compton, New York and Minneapolis—No. American passenger adv, Northwest Airlink regional carrier—Michael Keeshan, mgmt dir (New York); Cody Dalton-Eddy, sr vp-mgmt super (New York); Peter Levitan, sr vp-mgmt super (Minneapolis); David Fishman, acct super (New York); Mark Wilmot, acct exec (New York); Sandra Pursley, acct exec (Minneapolis).

TMP (Telephone Marketing Programs), Minneapolis—Yellow Pages—Alfred Cady, president.

MLT VACATIONS
Minnetonka, Minn.

Marketing Personnel

Edward Neer, president-ceo
Stan Phillips, vp-mktg & sales
Robert Erler, mgr-adv

Advertising Agency

Colle & McVoy, Minneapolis—Deborah Cundy, acct mgr; Ann Herzog, acct exec; Jane Maetzold, asst acct exec.

RANK
Ocean Spray Cranberries 172

Plymouth, Mass.

($ in millions)

Worldwide	1986	1985	% chg
Sales	636	542	17.4
Net income	197	170	15.9
U.S. advertising	47	29	61.5

Buoyed by the introduction of a wide range of new products, technological innovations in packaging and total advertising that grew 61.5%, Ocean Spray Cranberries Inc. realized substantial gains in both sales and net income in 1986.

The agricultural cooperative also made major agency moves in 1987. In March, it consolidated $25 million in billings for its cranberry-related business at North Castle Partners, Greenwich, Conn., from Bozell, Jacobs, Kenyon & Eckhardt, Boston. NCP previously handled Ocean Spray's citrus and fresh fruit business. BJK&E lost $20 million in billings as a result of the move. In May, Ocean Spray awarded its $15 million citrus, guava drink and new products account to Ingalls, Quinn & Johnson, Boston. IQ&J also handles Ocean Spray's food-service products account.

Ocean Spray historically markets 80-85% of the U.S. cranberry crop and the majority of the Canadian crop harvested September through November. Some 70% of the cranberries are processed into juice drinks, 20% into sauce, and 10% as fresh fruit.

Ocean Spray market shares jump considerably in two categories over the past year. In the 52-week period ending in September 1986, the cooperative's share of the fast-growing, shelf-stable concentrate juice and drink market increased from 60.8% to 76.3%. In addition, the company's share of the shelf-stable grapefruit juice market jumped from 20.7% to 24%. The cooperative's shares in the single-strength, shelf-stable juice dropped from 36.7% to 35.2%. In the canned cranberry market, its share declined from 75.1% to 73.8%, according to Selling Areas-Marketing Inc., New York.

A cranberry-blueberry drink and the Mauna La'I Hawaiian guava fruit drink were among new products Ocean Spray introduced in 1986. The cooperative introduced an Ocean Spray fresh grapefruit juice item, and completed the national rollout of Ocean Spray's shelf-stable liquid concentrate line.

Packaging innovations included a 64-oz. plastic bottle and "no-thaw" packaging in plastic cups packed aseptically and sealed with foil, which should boost sales in markets as wide ranging as airlines and hospitals. The cooperative is test-marketing 12- and 17-oz. shelf-stable plastic tubs for sauces. The tubs have resealable lids, like traditional butter tubs. Company officials hope the new containers will take the "seasonality" out of sauce products.

To help handle its growing citrus business, Ocean Spray purchased the Golden River Packing House in Winter Beach, Fla. An $8 million receiving station in Chatsworth, N.J., will go on-line in September 1988. Ocean Spray continues to tout its "Good For You, America" advertising theme. "It's a strategy we call 'cranness'—an attempt to talk to the consumer about what the cranberry does," explains Tom Bullock, vp-operations.

In 1986, network and spot TV spending accounted for slightly more than 85% of the cooperative's total measured advertising. Spot TV spending jumped about 90% to $13.4 million. Network TV spending remained the same at about $7.3 million.

Ocean Spray will continue its support of the Women's Sports Foundation. Roughly two-thirds of the consumers of Ocean Spray products are women, studies show. Ocean Spray underwrote the foundation's Challenge of Champions tennis match, which aired on ABC in April 1987. The cooperative bought title sponsorship by buying 25% of the TV ad time.

Ocean Spray's executive VP Jack Llewellyn will succeed President Harold Thorkilsen upon his retirement in December.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	66	285
Magazines	2,803	375
Bus. pubs	312	299
Network TV	7,257	7,257
Spot TV	13,456	7,056
Spot radio	155	30
Network cable	280	11
Total measured	24,329	15,311
Unmeasured	23,000	14,000
Total	47,329	29,311

OCEAN SPRAY CRANBERRIES INC.
225 Water Street
Plymouth, Mass. 02332
(617) 747-1000

Corporate Personnel

John Llewellyn, exec vp

Marketing Personnel

Tom Bullock, vp-business operations
Jim Kirk, business operations mgr
Kevin Murphy, business operations mgr
Kevin Maguire, business operations mgr

Advertising Agencies

Ingalls, Quinn & Johnson, Boston—Spoonables, new prods, Mauna La'I—Jay Werwilliger, vp-acct mgr; Holly Drorbaugh, acct mgr; Matthew Baker, acct super. Grapefruit—Jay Terwilliger, vp-acct mgr; Mark Richardson, vp-acct super; Nina Gorman, acct mgr. Foodservice prods—Margaret Coughlin, mgmt super; Susan Hiller, acct super; Deborah Messina, acct mgr.

North Castle Partners, Greenwich, Conn.—beverage cranberry prods—Len Ferraguzzi, exec vp; Hap Hoover, mgmt super; Sheila Ewing, acct super, bottled drinks; Jean Shaw, acct super, chilled, paper bottle, liquid concentrate; Suzanne Hopkins, acct exec. Non-beverage cranberry prods—Len Ferraguzzi, exec vp; Kevin Carroll, acct super; Jill Secrist, acct exec, cranberry sauce, fresh cranberries; John Swain, acct exec, ingredients business, new prods.

RANK
Polaroid Corp. 112

Cambridge, Mass.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,629	1,295	25.8
Net income	104	37	180.5

U.S.	1986	1985	% chg
Sales	964	779	23.7
Operating profits	136	34	303.9
Advertising	71	70	2.4

Polaroid Corp. basked in the warmth of a successful launch of its Spectra instant camera system in 1986, as sales increased and earnings skyrocketed. Besides Spectra's favorable impact, the company benefited from a weakened dollar, from a streamlining of its operations and from the exit of its only competitor in the instant photography market, Eastman Kodak Co. The second quarter of 1987 saw both sales and earnings rise by 13%.

Although amateur photography products still account for 60% of company sales, Polaroid continues to inch toward diversification. Efforts include its magnetic media business and its growth in the commercial/industrial segment—a category that generates high profits for Polaroid and should not be underestimated in terms of growth potential, says Charles K. Ryan, VP-fundamental research with Merrill Lynch Capital Markets. He believes this segment ultimately will account for half of Polaroid's revenues. Significant non-commercial beneficiaries of instant

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photography technology include the medical and scientific fields.

Polaroid's magnetic media business grew in 1986 from the sale of videotape and floppy disks. Currently Polaroid holds close to a 10% share of the videocassette market, an impressive showing considering that Polaroid entered this highly competitive category just three years ago, says Peter Enderlin, photo marketing analyst with Smith Barney, Harris Upham & Co. Eighty percent of videotape is sold in mass merchandise outlets, where Polaroid has a strong presence. But even though Polaroid has benefited from name recognition in the category, overcrowding and subsequent price cuts have minimized the company's profits in this market, according to Mr. Ryan.

The same situation plagues Polaroid in the diskette category. There, its share is a significantly smaller 1-2%, Mr. Enderlin says. However, this category provides a higher profit margin, and Polaroid has concentrated on the high end of the market. Leading this spectrum of the category are Xidex, with a 35% share, and Kodak's recently acquired Verbatim brand, which holds a 20% share, according to Mr. Ryan.

Also, Polaroid continues to offer a data rescue recovery service, which allows a customer to recover, for free, data which has been lost accidentally. In July 1987, Polaroid bought Media Duplication Services from Control Data for an undisclosed sum.

FreezeFrame, a video image recorder jointly designed and developed with Toshiba Corp., marks Polaroid's entry into the technical and industrial video market. The product delivers high quality instant prints or slides from video pictures. On sale since October 1986, FreezeFrame, which retails for $1,900, has become popular with professionals in such businesses as advertising, television and magazine publishing.

But the big news at Polaroid continues to be Spectra, which cost Polaroid $40 million to promote last year and close to $30 million this year. Of the 4.3 million cameras the company sold in 1986, Spectra accounted for an estimated 600,000, according to Mr. Ryan of Merrill Lynch.

Consumer enthusiasm for a new camera has only about a two-year lifecycle, according to industry observers. Polaroid hopes to extend this with a new fourth quarter 1987 campaign from BBDO Inc. to stimulate sales.

Polaroid also added a higher-end version line extension, the Spectra Onyx, which hit the market in February of this year. Sold through photographic specialty stores, the $280 camera is designed with a transparent top cover, allowing the consumer to view the interior circuitry. A promotional effort in May 1987 attempted to breathe more life into Spectra sales by offering $20 or more for any used camera traded in for a new Spectra.

Industry observers warn that Polaroid needs to have another product in the wings to take Spectra's place. For the short run, the company is introducing the line extensions and redesigning Spectra's film to work in its less expensive cameras.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,765	538
Magazines	5,730	3,565
Newsp. supps	350	0
Bus. pubs	1,566	1,635
Network TV	18,439	20,049
Spot TV	306	2,727
Network radio	1,735	160
Spot radio	187	483
Outdoor	191	14
Network cable	5	383
Total measured	30,274	29,555
Unmeasured	40,974	40,000
Total	71,249	69,555

POLAROID CORP.
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(617) 577-2000

Marketing Personnel

Brian O'Connor, vp-sales & mktg
Peter Eichorn, vp-mktg, N. America
William O'Neill, group vp-consumer photography
Lee C. Brewer, vp-intl mktg operations
Robert M. Delahunt, vp-worldwide industrial mktg
Sheldon Buck[illegible], exec vp, dir-tech & industrial photography
Joseph J. McLaughlin, group vp-worldwide mktg
Adrian Van Dorpe, dir-industrial adv
James Clegg, dir-mktg
Gary Moss, dir-adv, N. America

Advertising Agencies

BBDO, New York—cameras, consumer prods—Gary dePaolo, sr mgmt super; Lonny Strum, mgmt super; Paul Jacobson, acct super; Elizabeth Kelly, acct exec; Valerie Valente, asst acct exec; Erika Waldman, acct coord.

Hill, Holliday, Connors, Cosmopulos, Boston—industrial prods—Kevin Powers, Diana Watts, acct supers; Mark McKenna, acct exec; Virginia Lux, asst acct exec.

Prudential Insurance Co. of America

RANK **113**

Newark, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Total income	27,592	25,933	6.4
Net income	N/A	N/A	N/A
U.S. advertising	71	58	22.0

Prudential Insurance Co. of America is going upbeat and all-inclusive under its new Chairman-CEO Robert C. Winters, evidenced by its heavy prime-time TV buying and surrealistic advertising.

Prudential spent more than $44.3 million projecting its updated, upbeat image—aided by such advertising as the "Canyon Rock" creative from Robert Abel Associates, Los Angeles— in U.S. TV and print advertising during 1986, according to a spokeswoman. Of Prudential's total advertising spending (estimated by AD AGE at $70.6 million, up 22% from 1985), the 11 measured media monitored in this issue credit Prudential with spending $52.3 million, up 21.9%.

Prudential, the largest U.S. life insurer, also is the world's largest non-bank corporation, with total consolidated assets of $134 billion in 1986.

During 1986 new business premiums and considerations from sales of individual insurance and annuity products exceeded $2 billion, an increase of about one-third. Mutual fund sales by agents brought in receipts of more than $1 billion, nearly three times the amount sold in 1985. Individual life insurance sales rose by 37%, generating record new business premiums of more than $955 million, with more investment-oriented products accounting for nearly two-thirds of this amount.

Prudential supported its life insurance products with more than $11.7 million in magazine and TV advertising, according to BAR/LNA.

Sales of individual annuities—particularly variable contracts—also were exceptionally strong last year, attracting new deposits of more than $780 million, up 38% over 1985.

A subsidiary receiving major ad support, Prudential-Bache, added a new product to its retail operations during 1986: Quantum Management Portfolio is being offered to select clients by specially trained account executives. With approximately $175 million in assets under management by year-end, representing some 2,200 accounts, Quantum is expanding rapidly.

Prudential-Bache polished its public relations in September by providing seminars for clients on the impact of tort reform. By the end of the year, about 70,000 clients had attended the seminars.

Prudential-Bache was bolstered by more than $9.5 million in advertising expenditures, according to figures supplied by BAR/LNA.

After 40 years in the group life and health insurance market, Prudential is now building an image as a major provider of managed healthcare products. Boosted by 1986 advertising spending exceeding $1.8 million, Prudential's Group Department generated annual sales of more than $1 billion across a range of life and health insurance plans for large groups.

Leading the pack was Prudential's Dental Maintenance Organization, which in one year after introduction climbed to the No. 1 spot in the managed dental care market.

During 1986, Prudential experienced a 52% increase in the number of persons enrolled in its HMOs and other managed medical programs, all of which are integrated into the Prudential Health Care System.

One unique product, PruCare Plus (Prudential Plus in some states), is a "hybrid" plan that combines indemnity, HMO and PPO plans. Marketed to companies with 20 or more employees, enrollment in the program stood at 200,000 as of Aug. 1, 1987. Last year, the insurer armed this PruCare HMO subsidiary with only $112,500 in advertising costs. But this year, it will probably need an injection of additional ad spending as it enters the competitive New York HMO market. Investor-owned HMOs were barred from operating in New York state until last year.

Prudential has temporarily suspended the marketing of its nursing home and home healthcare policies through the American Assn. of Retired Persons after a limited offering in eight states this past summer yielded only 8,000 policies, according to Rich Matthews, manager of public relations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,196	1,081
Magazines	11,097	6,764
Newsp. supps	1,579	0
Bus. pubs	269	164
Network TV	28,702	28,439
Spot TV	3,574	3,649
Network radio	237	755
Spot radio	1,288	584
Outdoor	178	109
Network cable	3,202	1,347
Total measured	52,320	42,891
Unmeasured	18,298	15,000
Total	70,618	57,891

PRUDENTIAL INSURANCE CO.
OF AMERICA
Prudential Plaza
Newark, N.J. 07101
(201) 877-6000

Marketing Personnel

Connie Sartian, vp-public affairs
Scott C. Mason, vp-adv
Mary Lou Sack, mgr-adv
Gabrielle K. Shanin, mgr-adv
Vickie J. Snoy, mgr-adv
Anne Bushnell, mgr-adv
Robin Ryerson, assoc mgr-adv

Advertising Agency

Backer Spielvogel Bates, New York—corp. life insurance property & casualty (homeowners & auto), retirement planning, small business, insurance brokerage, Prudential Asset Management Group, Prudential Reinsurance Company, Prudential Realty Group, Prudential Health Care System—Lee Hines, exec vp; Dennis Zolnierzak, mgmt rep; J. Michael McMurphy, vp-acct super; Deborah Radcliff, acct super; Anneke Napp, Harry Tower, acct execs.

Reckitt & Colman PLC

RANK **159**

London

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,951	1,860	4.9
Shareholder profit	126	105	19.9
U.S. advertising	52	36	42.5

Division sales	1986	1985	% chg
Household	952	858	10.9
Food & wine	625	647	(3.4)
Pharmaceutical	182	176	3.7
Colours	56	49	14.5
Industrial cleaning	96	90	6.2
Fine art & graphics	40	39	3.6

Reckitt & Colman PLC continues to build its North American franchise through strong advertising and acquisitions. R&C's North American sales accounted for 24% of worldwide revenues last year, and North American pretax profits were 15.9% of the total.

The North American division based in Rochester, N.Y., spent an estimated $51.9 million on total measured and unmeasured advertising in the U.S. in 1986, up 42.5% from 1985. About half that, or $26.9 million was in measured media—a sum divided 60% into advertising by Airwick Industries, the household products division, and 40% by Durkee-French Foods Inc., the food products division.

An additional $22 million was spent in unmeasured advertising, predominantly couponing, free-standing inserts and promotional material.

London-based Reckitt & Colman, which produces and markets a diversified line of household items and toiletries, food & wine, crafts and pharmaceutical products worldwide, has made a dynamic entry into the U.S. over the past two years.

Worldwide sales grew 4.9% to $1.95 billion in 1986. North American sales accounted for $473 million in 1986, up 6.6% from 1985. North American pretax profits rose 59% to $34 million. Overall shareholder earnings after taxes grew 19.9% to $125 million. Sales and pretax profits for both 1986 and 1985 were translated at the exchange rate of $1.4678=1£.

In 1986, R&C purchased Durkee Famous Foods, Cleveland; Pure Foods Co. (Herb-Ox), Mamaroneck, N.Y., and Gold Seal household products, Bismarck, N.D. The companies were consolidated with R&C's R.T. French Co., Rochester, to form the current food products division of R&C, NA.

"We will be strengthening all of our major categories, as well as increasing our ad spending on new and existing products," says John Lowrie, VP-marketing, Durkee-French Foods.

A big move in obtaining a strong position in the U.S. was the 1985 purchase of Airwick Industries, Carlstadt, N.J. Airwick was combined with Gold Seal to make up the household products division of R&C, NA. In July 1986, R&C sold Professional Products, Airwick's institutional business, to Economic Labs, Minneapolis.

Sales in 1986 for Airwick household products divisions totaled $179 million, up 21% over 1985—growth credited to the introduction of Magic Mushroom nonaerosol room deodorizer in March 1986. Independent consultant Carey, Ahsler, Kline & Co., Fairfield, N.J., contends that Airwick holds a 20% share of that market, up from 13% in 1985. According to Airwick officials, the Mushroom, which holds an 18% market share, increased Airwick's total share of the $300 million air freshener category to 30%. Airwick only held a 12% share the previous year, when Airwick introduced Stick-Ups.

The Mushroom, with its time-released Scent-O-Meter system, is part of R&C's increased push that knocked S.C. Johnson & Co.'s Glade and Drackett's Renuzit from 25% in 1985 to 20% last year.

The ad budget for Magic Mushroom was an estimated $10 million, with the bulk of the spending in network TV. New scent line extensions were added in 1987.

Airwick also introduced Airwick Breeze, an air freshener in four scents that is sprinkled inside vacuum cleaner bags. An estimated $5 million is being spent on network TV to promote the new product.

Carpet Fresh rug & room deordorizer put $5.6 million of its $6.2 million into network TV in 1986, garnering a 35% market share—the same as Church & Dwight's Arm & Hammer carpet freshener. Lehn & Fink's Love My Carpet has a 20% share.

Bully Toilet Bowl Cleaners, (Automatic, Foamy, Swish), which spent an estimated $3.6 million on network TV and magazines in 1985, dropped ad spending to an estimated $850,000 million 1986 to concentrate on new product introductions. Bristol-Myers Drackett's Vanish still holds the No. 1 spot in the automatic toilet bowl cleaner category, with a 30% share compared to Bully's 12%.

French's spent an estimated $5.2 million in 1986, predominantly on the introduction of French's Pasta Toss, packaged flavorings for pasta, and on French's regular mustard. That figure is up 63% over last year's $3.2 million, spent almost entirely on TV for French's regular mustard.

Sticking with R&C's long-term plan for new product development, French's launched French's Dip 'n Spread Mustard in spring of 1987. Heavy network and spot TV accompanied.

French's mustards (Regular, Bold 'n Spicy Deli, Vive La Dijon and Dip 'n Spread) hold a 42% market share, up 2% over the preceeding year. Closest competitor is Plochman's with a 12% share.

McCormick Co. maintains a 35% share in both spices and gravies/sauces over Durkee-French's 16% in spices and 25% in sauces/gravies.

Sir James Cleminson, chairman of R&C since 1977, retired in May of 1986. He is succeeded by Sir Michael Colman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	17	242
Magazines	1,785	1,260
Newsp. supps	0	90
Bus. pubs	686	1,099
Network TV	16,741	13,382
Spot TV	4,563	3,359
Spot radio	2,518	0
Outdoor	5	0
Network cable	609	0
Total measured	26,924	19,431
Unmeasured	25,000	17,000
Total	51,924	36,431

RECKITT & COLMAN PLC
One Burlington Lane
London W42RW

Corporate Personnel

Sir Michael J. Colman, chmn

AIRWICK INDUSTRIES
Carlstadt, N.J.

Marketing Personnel

Doug Wegrin, vp-mktg
Bob Kuhn, group category mgr, air fresheners, scouring prods
Bud Drago, group category mgr, rug & room deodorizers, toilet cleaners
John Gerrie, sr category mgr, laundry care prods
Tina LoPonte, group category mgr, bubble bath, Binaca

Advertising Agencies

Bloom Agency, New York—Jeffrey Fine, chmn; Penny Hawkey, president; Stephen McCloskey, sr vp, dir-acct mgmt; Barry Silverstein, acct super; Susan Aminoff, acct exec.

Drossman, Lehmann, Marino, New York—Magic Mushroom, Snowy bleach, Mister Bubble Bath, Carpet Fresh, Chore Boy scouring prods—Neil Drossman, chmn, co-creative dir; Charles Lehmann, president; Dominick Marino, co-creative dir; Carol Good, Susan Wallendahl, mgmt supers.

DURKEE-FRENCH FOODS
Paramus, N.J.

Marketing Personnel

John Lowrie, vp-mktg & foodservice
Bruce Bye, dir-brand mktg
Hugh Schwartz, dir-brnad mktg
Gerry Schuth, dir-mktg planning & svcs
Geoff Hayday, dir-foodservice

Advertising Agencies

Ketchum/Hicks & Griest, New York—all food prods—Jerry Cutler, exec vp.

Noble & Associates, Springfield, Mo.—Jim Magers, acct super; Renee Simmons, acct exec; Sandy Miller, admin asst.

Rumrill-Hoyt, Rochester, N.Y.—French's mustard—Nick Orloff, president; Bob Carlton, vp-sr acct mgr; Tim Cornin, creative dir.

Reynolds Metals Co.

RANK **180**

Richmond, Va.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,639	3,416	6.5
Net income	192	(292)	165.8

U.S.	1986	1985	% chg
Sales	3,301	3,214	2.7
Operating profits	204	(163)	225.3
Advertising	43	36	19.7

Division sales	1986	1985	% chg
Aluminum	1,861	1,642	13.3
Finished products	3,639	3,416	6.5

Reynolds Metals Co. boosted ad spending 19.7% in 1986 to push its consumer products as its financial situation rebounded. Both revenues and earnings had been depressed since 1983 when the aluminum industry plunged into recession.

The company's consumer product lineup also got a boost in June 1986 with the acquisition of the Cut-Rite wax paper brand from Scott Paper Co. The product is being marketed under the Reynolds brand name.

Reynolds Wrap, the company's best-known consumer product, in 1986 received the largest portion of the company's $25.5 million in measured media spending. Reynolds Wrap expenditures in the seven media measured by BAR/LNA were $9.7 million, up 14.4% from 1985. Most of the Reynolds Wrap spending went to spot TV.

Reynolds Wrap maintained its dominant position in the market with a share exceeding 50% in 1986.

Two other consumer products also received increased advertising expenditures in 1986. Spending on Eskimo Pie Ice Cream Bars more than doubled to $1.6 million. Reynolds owns 80.6% of Richmond-based Eskimo Pie. A Reynolds spokesman says the huge increase in expenditures reflected increased competition. The company's second largest outlay was for Reynolds Plastic Wrap, jumping 84.4% to $8.3 million.

In the fourth quarter of 1986, the company sold its 40% interest in Robertshaw Controls Co. to Siebe PLC for $189.3 million. The sale boosted net income by $85.5 million, bringing annual earnings to $191.8 million, compared with a loss of $291.6 million in 1985.

Revenues for the first half of 1987 were

$2 billion, up 5.3% from the prior year period. But net income was down 19.6% to $77 million, although the prior-year figure included a $76.7 million credit for accounting changes. The company predicts revenues will exceed $4 billion this year.

Company officials say they hope to double consumer products sales in the next five years, increasing sales to $1 billion a year through product development or acquisitions.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	59	197
Magazines	2,549	3,796
Bus. pubs	423	258
Network TV	1,442	0
Spot TV	20,216	15,578
Spot radio	626	1,430
Network cable	139	0
Total measured	25,455	21,258
Unmeasured	17,961	15,000
Total	43,416	36,258

REYNOLDS METALS CO.
6601 Broad Street Rd.
Richmond, Va. 23261
(804) 281-2000

CONSUMER DIVISION

Corporate Personnel

Scott D. Wyllie, vp-genl mgr

Marketing Personnel

Paul W. Miltenberger, natl mgr-mktg & sales
J. Douglas Mickle, adv mgr

Advertising Agencies

J. Walter Thompson USA, New York—Reynolds Wrap aluminum foil, Reynolds Plastic Wrap, Reynolds Freezer Paper, Reynolds Redi-Pan aluminum foil ware, Diamond foil, new prods— Janet Kaufman, acct exec.

Tucker Wayne & Co., Atlanta—Reynolds Oven Cooking Bags, Cut-Rite wax paper—J.S. Reeder, sr vp-mgmt super.

REYNOLDS ALUMINUM RECYCLING CO.

Corporate Personnel

Charles W. Rayfield, vp-genl mgr

Marketing Personnel

Andrew H. McCutcheon Jr., vp-natl mktg mgr
Robert W. Jones, adv mgr
Walter K. Amacker, mkt svc mgr

Advertising Agency

Martin Agency, Richmond, Va.—Dale P. Brown, vp-acct super; Daniel C. Bartges, sr acct exec.

CONSTRUCTION PRODUCTS DIVISION

Corporate Personnel

John M. Noonan, vp-genl mgr

Marketing Personnel

John A. Shelhorse, mktg dir

Advertising Agency

Admark, Richmond, Va.—Roxanne Heywood, president.

REYNOLDS METALS CO.

Marketing Personnel

Richard L. Krauss Jr., adv mgr of five divs:
  Reynolds Aluminum Supply Co.
  Mill Products
  Extrusion Division
  Electrical Division
  Corporate Advertising

FLEXIBLE PACKAGING

Corporate Personnel

Robert L. Waldrop, vp-genl mgr

Marketing Personnel

Thomas P. Christino, natl sales & mktg mgr

Advertising Agency

Lawrence Kaplan Advertising, Richmond, Va.—foodservice and flexible packaging—Lawrence Kaplan; president.

CAN DIVISION

Corporate Personnel

Robert D. O'Donnell, vp-genl mgr

Marketing Personnel

Lee R. Gunton, natl mktg mgr

Advertising Agency

Lawrence Kaplan Advertising, Richmond, Va. —Lawrence Kaplan, president.

A.H. Robins Co.

RANK **132**

Richmond, Va.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	790	706	11.9
Net income	82	76	7.9
U.S.	**1986**	**1985**	**% chg**
Sales	616	566	8.9
Operating profits	161	135	19.4
Advertising	63	45	38.4
Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	409	370	10.5
Consumer prods.	267	233	14.6

A.H. Robins Co., whose two major products are Robitussin and Dimetagg, pushed forward with strong advertising in 1986 as it sought reorganization through Chapter 11 bankruptcy proceedings resulting from thousands of claims filed against the company relating to the Dalkon Shield intrauterine birth control device.

The company is currently proceeding with plans to merge with Fort Washington, Pa.-based Rorer Group Inc., whose OTC products are Maalox, an antacid, and Ascriptin, an analgesic. The plan must be approved by the U.S. Bankruptcy court in Robins' hometown, Richmond, Va.

Nevertheless, consumer and pharaceutical products marketed by the company have shown continued growth in sales and advertising. Overall advertising of $62.7 million, was up 38.4% over 1985, a year in which advertising dropped from the prior year. In the 11 measured media increased monitored in this issue, Robins' total of $48.9 million was largely in support of its Dimetapp and Robitussin brand franchises.

Dimetapp allergy and decongestant remedies continued to pull the largest ad dollars. The company spent nearly $14 million advertising Dimetapp Allergy and Decongestant Tablets and Liquid, 50% more than in 1985, the year Dimetapp moved from prescription-only to OTC. Spending, almost all in TV, weighed slightly heavier toward network than spot, according to BAR/LNA. Robins introduced Dimetapp PLUS with non-aspirin pain reliever in mid-October 1987 in a print and TV effort created by Scali, McCabe, Sloves.

Robins' No. 1 cough remedy brand, Robitussin, pulled $12.4 million in advertising, largely TV, for an 18.1% increase over 1985.

Chapstick Lip Balm drew the largest increase in Robins' brand advertising expenditures, up 91% to $4.2 million. The company backed Chapstick Petroleum Jelly Plus with $1.8 million.

In 1986, the company spent about $2.8 million in general company promotion, and in January of that year, its in-house agency spent about $5 million on advertising notifying consumers that Dalkon Shield claims had to be filed by April 30, 1986.

Growth, particularly from Robitussin and Dimetapp usage, which boosted sales 12% and operating earnings 18% to $170.2 million in 1986, continued through the first half of 1987, with sales up 8% to $392 million and operating earnings up 14% to $72.2 million.

Net earnings declined in the second quarter resulting from a $6.1 million after-tax charge from an award against the company in a Dalkon Shield trial in Kansas. Costs associated with the company's Chapter 11 case continued to strain net earnings, reducing them by $6.2 million in the first six months of 1987.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	19	0
Magazines	3,054	3,575
Newsp. supps.	54	0
Bus. pubs	916	1,032
Farm pubs	349	205
Network TV	16,187	6,592
Spot TV	26,053	23,712
Spot radio	1,809	0
Network cable	461	217
Total measured	48,902	35,332
Unmeasured	13,841	10,000
Total	62,742	45,332

A.H. ROBINS CO.
1407 Cummings Drive
P.O. Box 26609
Richmond, Va. 23261-6609
(804) 257-2000

CONSUMER PRODUCTS DIVISION

Marketing Personnel

John E. Blutenthal, vp-mktg, healthcare prods
Gary L. James, dir-mktg, healthcare prods
Ronnie L. South, vp-sales & mktg, Pet Care
L. Paul Nelson, group prod mgr, Pet Care

PHARMACEUTICALS DIVISION

Marketing Personnel

Gerald K. Wilburn, vp-mktg
W.H. Selberis, group prod mgr
Frank A. Murawski, group prod mgr

Advertising Agencies

Earle Palmer Brown, Richmond, Va.—Ethical Pharmaceutical div—George Woltz, office president; Dave Livesay, vp-acct super.

Jordan, McGrath, Case & Taylor, New York—Sergeant's pet care prods, Donnegal, Chap Stick Lip Balm, Chap Stick, Petroleum Jelly Plus—Jack Taylor, exec vp-acct exec; Mat McNerney, acct exec.

Mil-Mor Media, Richmond, Va.—agency of record, media planning and purchase, all brands—Carl D. O'Hallanan, president; Mary M. Arnold, vp-media dir.

Scali, McCabe, Sloves, New York—cough and cold remedies—Stuart Epstein, vp-group mgmt rep.

Sweeney & Partners, Montvale, N.J.—professional journal work for Dimetane, Robitussin, Dimetapp and vitamin prods—Tom Sweeney, president; Rita Buedden, vp.

Royal Crown Cola Cos.

RANK **149**

Rolling Meadows, Ill.

($ in millions)

U.S.	**1986**	**1985**	**% chg**
Sales	397.6	378.4	5.1
Earnings	41.2	39.3	4.8
Advertising	56	62	(10.8)

Chesapeake Financial Corp. is part of a complex web of companies that comprise the empire of financier Victor Posner. All of CFC's measured-media advertising spending is attributed to its two wholly owned consumer-products companies: Atlanta-based Arby's Inc. and Royal Crown Cola Co., headquartered in Rolling Meadows, Ill. AD AGE titled this profile Royal Crown Cola Cos. to reflect its advertising weight at CFC. Sales and earnings in the box are for Royal Crown only.

Total spending for these two companies declined 16% in 1986 to $52 million. Measured-media spending for the Arby's fast-food chain dropped to $14.5 million in 1986, down 13.7% from 1985. For Royal Crown, measured-media ad spending in 1986 was $9.9 million, up 15.1%.

Although operating in different product categories, Arby's and Royal Crown share similar problems in pursuing sales and market share growth. Both are "second tier" companies that are substantially smaller than the major companies that dominate their respective categories.

Another similarity is the variety of different positionings these two companies have taken in recent years in their attempts to separate themselves from those larger competitors and to carve distinct niches.

Arby's, with $890 million in sales from company- and franchisee-owned stores in 1986, is the 16th largest restaurant chain in the U.S., according to trade publication *Nation's Restaurant News*. It held the same rank in 1985. Its menu mainstay continues to be its line of roast beef sandwiches, which enable it to dominate the fairly small roast beef segment of the restaurant industry. Arby's claims to hold a 54% share of that segment, up from 47% in 1984. Yet, in the total "beef" segment of the industry, Arby's places a distant No. 5, with a 3.3% share in 1986 sales.

Arby's "second tier" position in the fast-food industry is even more evident when advertising expenditures are compared. Arby's $14.5 million measured-media budget for all of 1986 was matched by McDonald's in any given two-week period. Burger King in the first two months of 1986 outspent Arby's annual outlays.

Being outspent by the competition is nothing new for Arby's. For years its marketing strategies have alternated between trying to join the leaders (it tested its own line of hamburgers for a while) and setting itself apart from them. In 1986 and into 1987, Arby's has pursued a separatist policy, with somewhat more success than in the past.

In 1986, Arby's addressed the glut of hamburger restaurants head-on with advertising urging consumers to "Break the burger boredom" by switching to its roast beef sandwiches. In 1987, that approach was augmented with advertising that takes a softer comparative approach, urging consumers to "Taste the difference" at Arby's. Comic Jeff Altman was signed as commercial spokesman.

Arby's has placed most of its advertising focus on its roast beef line and has added new menu options. One, the Philly Beef 'N Swiss sandwich tested in 1986, has become a popular menu staple. In mid-1987, the chain also rolled out the Giant roast beef sandwich, weighing in at 5 oz.

Early in 1987, Arby's made a significant shift in marketing strategy by deciding to end its use of network TV and national sports sponsorships. Last year, it spent $4.3 million on network TV and

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WHY BE A LITTLE FISH IN A BIG POND?

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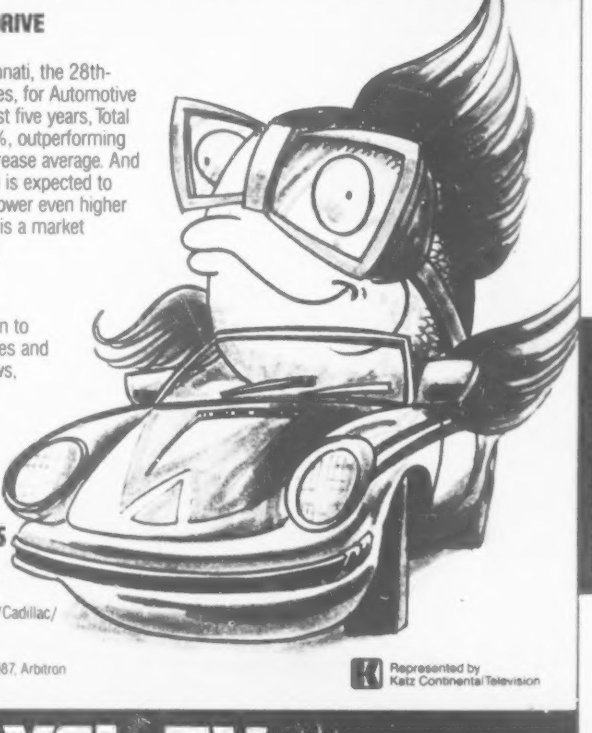
Yuma-El Centro outspends Cincinnati, the 28th-ranked HH ADI in the United States, for Automotive Dealer sales-per-household. In just five years, Total Retail Sales have zoomed up 49%, outperforming the entire United States sales increase average. And by 1989, Effective Buying Income is expected to increase 63%, boosting buying power even higher and proving that Yuma-El Centro is a market that's revved up and ready to buy.



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WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power May 1987, Arbitron
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Represented by Katz Continental Television

YUMA, ARIZONA
EL CENTRO, CALIFORNIA

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

$9.6 million on spot TV. This year, Arby's is concentrating TV dollars on local buys and increasing funds for local-store marketing programs. For similar reasons, it terminated its role as an official sponsor of major league baseball.

Arby's lately has been jinxed in its relationships with advertising agencies. In 1985, it lost its national agency, Grey Advertising, New York, to the larger account of General Mills' Red Lobster chain. History repeated itself in 1987 when Backer & Spielvogel (now Backer Spielvogel Bates) resigned in favor of Wendy's $50 million account. Arby's reviewed a number of "mid-size" agencies before assigning its account to W.B. Doner in Baltimore.

Royal Crown Cola Co. is the fifth-largest U.S. soft drink company, although it is in a tier below that of the top two companies.

According to estimates from Montgomery Securities, San Francisco, Royal Crown's 1986 production was 240 million gallons, compared with 2.8 billion gallons for No. 1 Coca-Cola Co. That gives Royal Crown a 3.4% share of the market, behind Coca-Cola's 40.2%, PepsiCo's 29.8%, Seven-Up's 5% and Dr Pepper's 4.5%.

Montgomery Securities estimates that 44.8% of Royal Crown's total gallonage was sold through food stores, 43.4% through other stores, 7.8% through packaged vending and 4% through fountain sales (where other soft-drink companies derive considerably greater percentages of their sales).

Royal Crown's $9.9 million in measured media advertising in 1986 was considerably behind Coca-Cola ($151.8 million) and Pepsi-Cola ($130.1 million), according to BAR/LNA.

Approximately $3 million of Royal Crown's budget went to network TV and $6.7 million to spot TV. Management vowed to increase ad spending in 1987.

Cherry RC Cola, introduced in 1985, and last year's addition of Diet Cherry Cola, have become successful additions to Royal Crown's roster. Montgomery Securities estimates that food store sales for Cherry RC rose to 10.9 million gallons last year from 2.8 million in 1985. Regular RC Cola food store gallonage declined slightly to 66.6 million gallons from 67.6 million in 1985.

Diet Rite Cola represented 22.8% of Royal Crown's food store gallonage total in 1986. Actor Tony Danza replaced Lee Majors as spokesman for the brand in January 1987, and four new flavors of Diet Rite were added this year: tangerine, lemon-lime, pink grapefruit and black cherry. New York Mets pitcher Ron Darling also appeared in some RC Cola advertising, which carries the theme "Some people go out of their way for the taste of RC."

After parting with former agency DFS Dorland (now part of Saatchi & Saatchi DFS), New York, and reviewing its account, Royal Crown moved its business to Hill, Holliday, Connors, Cosmopulos, Boston.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,538	2,811
Magazines	66	528
Bus. pubs	45	0
Network TV	7,169	7,364
Spot TV	16,471	16,910
Network radio	299	0
Spot radio	943	1,038
Outdoor	367	512
Network cable	37	108
Total measured	26,934	29,271
Unmeasured	28,632	33,000
Total	55,565	62,271

CHESAPEAKE FINANCIAL CORP.
P.O. Box Drawer K
Miami Beach, Fla. 33441
(308) 666-7771
ROYAL CROWN COLA COS.
Rolling Meadows, Ill.
Marketing Personnel

J. M. Harrelson, coo
Ronald Conn, vp-mktg

Advertising Agency

Hill, Holliday, Connors, Cosmopulos, Boston—David McPherson, acct super.

ARBY'S INC.
Atlanta
Marketing Personnel

Leonard Roberts, president
Frank Bellati, group vp
Lawrence Krueger, sr vp-mktg
Thomas Whitely Jr., vp-mktg

Advertising Agency

W.B. Doner & Co., Baltimore—Mark Westerman, acct super.

Safeway Stores

RANK **164**

Oakland, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	20,311	19,651	3.4
Net income	(14)	231	(106.2)
U.S. advertising	50	47	5.9

Safeway Stores was taken private in August 1986 in a $4.2 billion buyout by the New York investment house of Kohlberg, Kravis, Roberts & Co.

The heavily leveraged buyout had a dramatic impact on Safeway's overall earnings picture in 1986, when it reported a net loss of $14.26 million compared with net income of $231.3 million in 1985. Among the factors contributing to the loss were lower operating profits for the domestic operations and interest expenses of $172.3 million that SSI Holding Corp.—the group KKR formed to buy Safeway—owed as a result of the purchase.

The buyout also will have a tremendous impact on the number of operations Safeway will control by the end of 1987, because the company continues to unload assets to pay off the heavy debt incurred in the transaction.

In January 1987, Safeway owned 2,284 supermarkets in the U.S., Canada and the U.K.

To pay off the buyout debt, Safeway this year has sold its Salt Lake division (60 supermarkets), the 131-store Dallas division, the 104-store Liquor Barn operations in California and Arizona and its 7 Save and Pack stores in Florida, and announced agreements to sell its 59-store division in West Texas and New Mexico and its 106-store Oklahoma division. Safeway also disposed of its 132-store U.K. division to the Argyll Group PLC for $900 million.

The company is still opening new stores, however. In 1986 it added 74 superstores in the U.S., compared with 100 new ones in 1985 and 22 to date this year. Unlike conventional stores which average about 26,000 sq. ft., superstores encompass about 42,000 sq. ft., allowing for greater product diversity and specialty departments.

Safeway has lagged behind some competitors in its efforts to enlarge, upgrade and maintain stores. Cincinnati-based Kroger Co. got the jump on Safeway in superstores.

Safeway's public affairs manager, Felicia del Campo, says the company is continuing promotional and marketing efforts for its special food departments including fresh seafood, prepared and take-out foods. The company also is continuing efforts to expand and upgrade its produce departments.

Rather than follow in the footsteps of other competitors—which promote specialized brand meats—Safeway continued its consumer information program for certain meat groups. For example, it prepares consumer information packets and brochures detailing the low-fat method of cooking various meat cuts.

Ron Giglio, VP-ad manager for Safeway, says local divisions will continue to operate fairly autonomously and to develop ad campaigns relative to their markets. However, many of those campaigns hold true to the company's two-year-old national ad theme of "You work an honest day, and you get an honest deal," which was developed by the company's eight-year-old corporate agency, Ketchum Communications, San Francisco.

Safeway's total ad spending in 1986 is estimated to be $50 million, up 5.9% from 1985. That compares with Lucky Stores' spending of $58.7 million in 1986, up 18%. The media mix remained about the same as in 1985. Spot TV accounted for 79% of Safeway's $26.5 million spending in measured media in 1986.

Four ad agencies lost Safeway accounts this past year because of the sale or shuttering of certain assets. That group included Arnold/Foster/Carrithers, Dallas division, Boyd & Farmer Advertising/Marketing, Scottsdale, Ariz., and Mithoff Advertising, El Paso, Tex. Safeway also dropped Phinegan & Agee, Richmond, Va. Mr. Giglio says that work will be taken over by the Bethesda, Md.-based agency, Earle Palmer Brown.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	1,067	1,273
Spot TV	20,930	19,044
Spot radio	1,445	1,325
Outdoor	194	677
Total measured	23,636	22,318
Unmeasured	26,476	25,000
Total	50,112	47,318

SAFEWAY STORES
Fourth & Jackson Sts.
Oakland, Calif. 94660
(415) 891-3000
Marketing Personnel

Donald Smith, vp, dir-mktg
Ronald Giglio, vp-mgr-adv & promo div
Art Patch, vp-mgr-grocery merch div
Rayburn D. Pearce, mgr-meat div
Robert G. Backovich, vp-mgr-produce div
James Whitticom, mgr, variety merch div
Wayne Leader, vp-mgr-specialty foods div
Floyd D. Crowe, vp-mktg mgr-Safeway supply div

Advertising Agencies

Advertising Inc., Oklahoma City, Okla.—Oklahoma div—Todd Van Every, vp-genl mgr; Geri Srite, acct exec; Bill Sammons, adv mgr.

Bernstein-Rein Advertising, Kansas City, Mo.—Kansas City div—Jim George, adv mgr.

DDB Needham, Denver—Denver div—Dave Nusbaum, acct super; Steve Guthrie, adv mgr.

Earle Palmer Brown, Bethesda, Md.—Washington, Richmond divs—Don Zettle, adv mgr; Harry Merrick Jr., Don Ratliff, acct execs.

Frank J. Wills Co., Little Rock, Ark.—Little Rock div—Watty Wills, acct exec; Rex Chaney, adv mgr.

Girvin-Conrad & Girvin, Fremont, Calif.—N. Calif. div—Dwight Becker, adv mgr; Al Neish, Ken Lombardo, acct execs.

Ketchum Communications, San Francisco—corp adv—Diane Snedecker, group dir; Zonda Montgomery, acct super.

Italia Associates, Los Angeles—S. Calif. div—Cal Gunnell, adv mgr; Carmen Italia, acct exec.

Richardson Associates, Portland, Ore.—Portland div—Larry Bohnsack, adv mgr; Shirley Weber, acct & media exec.

Chuck Synder Inc., Seattle—Seattle div—Del Denker, adv mgr; Chuck Suyder, Bob Snyder, acct execs.

Taylor, Brown Barnhill, Houston—Houston div—Kathy May, Candice Goodwin, execs; Barry Linder, adv mgr.

Sandoz Ltd.

RANK **163**

Basel, Switzerland

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,007	4,025	24.4
Net income	324	252	28.6
U.S.	**1986**	**1985**	**% chg**
Sales	1,327	1,240	7.0
Advertising	50	55	(8.8)
Division sales	**1986**	**1985**	**% chg**
Chemicals	1,318	1,003	31.4
Pharmaceuticals	2,322	1,863	24.6
Agn. prods	410	286	43.4
Seeds	334	339	(1.5)
Nutrition	623	534	16.7

On the financial front in 1986, Sandoz Ltd., maker of Ex-Lax, Gas-X and Ovaltine, had a stagnant year in Swiss francs but a healthy one in dollars, while it ran into hot water on the advertising front.

Sandoz Pharmaceuticals Corp., a U.S. subsidiary, was forced by the FDA to remove consumer advertising for Travist-1 prescription antihistamine addressed to doctors "as an effective alternative for your patients who aren't satisfied with their current allergy medicines."

Though the format of the ads did not violate FDA regulations, the agency asked Sandoz to pull them because of their high visibility. The FDA also raised questions about claims that were made in the ads.

Sandoz's apparent 24.4% jump in total 1986 dollar sales actually is a case of exchange rate legerdemain. In Swiss francs, sales declined 1.1% and net income dropped 2.2%. Swiss francs are converted at the rate of SF2.1 = $1 in 1986 and SF1.67 = $1 in 1985.

The U.S. accounted for approximately 26.5% of Sandoz Ltd.'s total sales during 1986, or about $1.3 billion, down from 30.8% of its total during 1985.

Sandoz's U.S. subsidiaries are divided into four divisions under the umbrella of New York-based Sandoz Corp.: Pharmaceuticals, with 41% of U.S. sales, chemicals 27%, agribusiness 21%, and nutrition 11%. Most consumer products are marketed through the pharmaceutical division's Consumer Health Care Group (including Ex-Lax, Gas-X, and Triaminic cold remedies), and through the Sandoz Nutrition Corp. (Ovaltine).

Last year saw a 9.1% drop in Sandoz's U.S. advertising spending to $50 million. But Sandoz increased measured spending for its Triaminic line 8.2% to $10.9 million, most for cold syrups, the company's most heavily advertised brand, which more than doubled its measured spending to almost $10 million. As in 1985, more than 90% went to network TV.

Spending on Ex-Lax flavored and unflavored laxatives, Sandoz Ltd.'s most heavily advertised brand in 1985, dropped 21.9% to $4.4 million. However, a line extension, Ex-Lax Gentle Nature, received more than $2.3 million in measured spending, mostly on network TV.

Measured spending for Ovaltine, a flavored milk additive that is a mainstay of the Sandoz Nutrition Corp., plunged 76.8% to about $1.2 million in 1986. The drop was particularly acute in network radio; Ovaltine spent more than $1.7 million there in 1985, compared with only $12,500 in 1986. Though spending increases for Ovaltine hot cocoa and Sugar-Free hot cocoa mix were substantial, the dollar ad totals were minor.

In November 1986, Sandoz Consumer Healthcare Group sold its Eclipse line of sunscreen products, which had an estimated 10% share of the sunscreen market, to the Manenti Group, Greenwich, Conn.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	121	0
Magazines	2,421	2,150
Newsp. supps.	22	0
Bus. pubs	708	868
Farm pubs	1,519	1,266
Network TV	18,679	19,853
Spot TV	3,921	3,276
Network radio	13	1,713
Spot radio	195	1,133
Outdoor	7	6
Network cable	0	9
Total measured	27,605	30,272
Unmeasured	22,798	25,000
Total	50,403	55,272

SANDOZ CORP.
608 Fifth Ave
New York, N.Y. 10020
(212) 307-1122
Corporate Personnel

Daniel Wagniere, vice chmn & ceo

SANDOZ PHARMACEUTICALS CORPORATION
East Hanover, N.J.
Corporate Personnel

Fred Hassan, ceo

Marketing Personnel

Tim Rothwell, president, professional business
Archie Coker, vp-mktg operations
Ed Heimers, vp-prod mktg
Anthony Sellner, dir, financial control

Advertising Agencies

Robert A. Becker Inc., New York—mental health and geriatric prods (Mellaril, Hydergine, Restoril, Pamelor)—Edward Maitland, sr vp-mgmt super; Fred Scheel, vp-group super; Len Pepe, vp-acct super.

Hamilton, Carver & Lee, Chicago—Visken, Embolex—James D. Lee, president.

Medical Communications, Woodbridge, N.J.—Parlodel—Tom Rosenwald, sr vp; John Eichert, acct super.

Romann & Tannenholz, New York—Tavist line—Peter Briggs, mgmt super.

Sieber & McIntyre, Morristown, N.J.—Dr. Ian Ferrier, president; Mary Cobb, vp-mgmt super; Joe Lazarich, mgmt super.

SANDOZ CONSUMER HEALTHCARE GROUP
Parsippany, N.J.
Corporate Personnel

Robert Essner, president

Marketing Personnel

Robert G. Donovan, vp-prod mgmt, gastrointestinal
Michael P. Carroll, sr prod mgr
Mary M. Noller, prod mgr
Nancy E. Barnett, dir-prod mgmt, cough/cold
Melanie Lover, prod mgr
Nancy Allison, asst prod mgr
Nancy Hoppe, asst prod mgr
Ernest Haskell, dir-business devel
Rudy Hoeltzel, dir-mktg rsch
R. Louis Schmidt, vp-sales
George L. Varjan, dir-mktg svcs

Advertising Agency

Bloom Agency, New York—Ex-Lax line, Triaminic line—Jeff Fine, chmn; Gail Cerminaro, vp-mgmt super; Paul Magier, vp-sr acct super.

SANDOZ NUTRITION CORPORATION
Minneapolis

Helmut Breuer, president-coo

Marketing Personnel

Neville Pelletier, sr vp
William Rush, vp, clinical nutrition
John Fontana, vp, foodservice
Charles Bohem, vp-consumer sales
David Cooper, mktg dir, new business
Mark Goldberg, prod mgr, snacks
Jim Tierney, prod mgr, beverages

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Poppycock, Fiddle Faddle, Screaming Yellow Zonkers—Ron Harvieux, vp-mgmt super.

Campbell-Mithun, Minneapolis—Ovaltine, Featherweight—Howard Liszt, Les Mouser, vps-mgmt supers.

NORTHRUP KING CO.
Minneapolis

George Jones, president-ceo

Marketing Personnel

Chase Cornelius, dir-mktg svcs
Winfred Bowen, dir-consumer mktg

Advertising Agencies

dfs/Wegener, New York—agricultural prods—Al Wegener, president; John Martin, mktg mgr; Neil Calari, creative dir.

Miller/Meester, Minneapolis—consumer prods, vegetable seeds intl—Robert V. Miller, president.

MASTER BUILDERS
Cleveland, Ohio

Edd T. Parker, president
Marketing Personnel

Marketing Personnel

Howard A. Golden, vp-sales & mktg
John Jayme III, dir-comm
John T. Gouskos, mgr-creative svcs
J. Pat Borders, dir-mktg, Admixtures
Woody W. Crawley, dir-sales
William M. Rodgers, genl mgr, set construction prods
Lee E. Smith, dir-mktg, construction prods

Advertising Agency

(In-house) Master Builders Communications.

Seven-Up Co.

RANK **131**

Dallas

($ in millions)

U.S.	1986	1985	% chg
Sales	270	290	(6.9)
Operating profits	6	N/A	N/A
Advertising	63	33	92.0

One year after a change in ownership, Seven-Up Co., Dallas, is on the rebound. When an investment team led by Tom Hicks and Bobby Haas in November 1986 bought Seven-Up from Philip Morris Cos. for $240 million, the lemon-lime soft drink company was losing money and market share. Bottler confidence was at an all-time low. Two of its recent products—Like Cola and Citrus 7—never caught on.

Now the company can boast.

An aggressive new management team expects to see 1987 sales reach $300 million. Seven-Up Co. reported sales of $678 million in 1985 under Philip Morris, but a large percentage of those sales were Seven-Up's international operations which PM sold to Pepsico in 1986. The better news is that the company has gone from a $6 million loss in 1986 to a $30 million operating profit this year.

Led by CEO John Albers, who also is ceo of Dr Pepper Co., and James Harford, Seven-Up president, the company intends to maximize the 7Up trademark through advertising, new soft drink products and licensed merchandise.

To do so, Seven-Up boosted its estimated ad spending in 1986. Seven-Up's estimated advertising of $62.8 million, up 92% over 1985, reflects in part the cancellation of its fourth quarter advertising budget in 1985 because of its impending sale, and low confidence evident among bottlers.

The year's highlight was the successful introduction of Cherry 7Up. The cherry flavored line extension aimed at a younger market also may be Seven-Up's entree to greater play in the fast-food arena. It is being tested in Jack-in-the Box and Burger King locations. Leo Burnett USA, Chicago, continues to handle all Seven-Up advertising.

The company last summer moved its headquarters to Dallas from St. Louis. Certain administrative functions were combined with Dr Pepper Co. to cut costs. Dr Pepper is separately owned but also is under the Hicks & Haas umbrella. Manufacturing for both Seven-Up and Dr Pepper was consolidated at Seven-Up's St. Louis facility—another cost cutting measure. Sales and marketing functions for the two beverage companies remain separate however.

After Mr. Harford was named Seven-Up president, a new marketing team was put in place. Russ Klein, who had supervised the account at Burnett for two years, was named senior VP-marketing. He replaced David Haffner who decided to remain in St. Louis.

Armed with energetic top management, Seven-Up set out to reverse declining market share. The established lemon-lime soft drink leader had begun to feel the effects of Coca-Cola's Sprite and more recently Pepsi-Cola's Slice, a juice-added, lemon-lime soft drink and an overnight success.

For the first time, Sprite nudged out 7Up for the top lemon-lime position in 1986, according to *Beverage Industry* reports. Sprite posted a 3.6% share of total soft-drink volume compared to 7Up's 3.5% share, for the No. 6 position among the top 10 soft drinks.

But 7Up and Diet 7Up combined share of 5% retained the lead over Sprite and Diet Sprite combined share of 4.3%.

Cherry 7Up's acceptance among teens will improve the company's market position in 1987. Initial projections were based on Cherry 7Up reaching a 1.6% share of total soft-drink volume but company officials believe the share will be in excess of 2%.

Cherry 7Up advertising, themed "Isn't it cool in pink," will double to $25 million in 1988 as part of an overall budget the company says will reach $85 million.

Seven-Up in 1988 will air hispanic commmercials for both its flagship brand and Cherry 7Up. Laura Martinez-Herring, Miss USA 1985, will be hispanic spokeswoman for the products in TV spots and outdoor advertising. Radio will support.

Next year a major licensing program will place the 7Up trademark on clothing, toys and other popular teen and young adult items, a new vending machine design will be introduced, and as many as two 7Up brand products will be introduced. New package designs are scheduled for 1989.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,942	1,920
Magazines	80	157
Newsp. supps	0	1,294
Bus. pubs	676	167
Network TV	30,643	12,312
Spot TV	15,331	6,421
Spot radio	2,146	2,427
Outdoor	3,513	1,487
Network cable	1,050	529
Total measured	55,381	26,714
Unmeasured	7,441	6,000
Total	62,822	32,714

SEVEN-UP CO.
P.O. Box 657777
Dallas, Texas 75265-7777
Marketing Personnel

John Albers, vice chmn-ceo
James Harford, president
Russ Klein, sr vp-mktg
Bill Thompson, vp-brand mgmt
Theron Russell, vp-mktg svcs
Rick Burbank, brand mgr, 7Up/Diet 7Up
Jim Trebilcock, brand mgr, Cherry 7Up/Diet Cherry 7Up
Nick Luciano, mgr-media
Victor Ornelas, mgr-promo

Advertising Agency

Leo Burnett USA, Chicago—John Miller, senior vp-client svc dir; Jack Woods, vp-acct dir; Paula McLeod, acct super.

SmithKline/ Beckman Corp.

RANK **148**

Philadelphia

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,745	3,257	15.0
Net income	521	514	1.3
U.S.	**1986**	**1985**	**% chg**
Sales	2,596	2,342	10.9
Operating profits	532	566	(6.0)
Advertising	57	52	9.6
Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	1,896	1,654	14.6
Cons. health care	174	146	19.0
Animal hlth care	251	218	15.1
Eye & skin care	433	315	37.6
Instruments	620	582	6.4
Clinical lab	373	342	9.2

SmithKline/Beckman Corp. in 1986 launched new Contac formulations, introduced tamper-proof packaging for some products, fought off encroachment from competitors targeting its ethical drugs and shored up its own house by completing a stock buyback program.

The company's net earnings in 1986 increased only 1.3% on sales growth of 15%. But for the first six months of 1987, SmithKline reported net earnings of $278.6 million, up 16% from the prior year period.

The company reports that "advertising costs" worldwide increased 34% to $236.5 million in 1986. That total includes media spending, promotion, salaries and marketing overhead.

During 1986, SmithKline increased U.S. measured advertising spending to $27.1 million, up 9.6% from 1985. The majority of its measured spending promoted its Consumer Health Care products group, which only accounts for about 4.7% of total sales.

In June 1986, Contac, a cold treatment, and Teldrin, an allergy treatment, were reintroduced in tamper-resistant forms after both had been pulled from the market because of product tampering. SmithKline spent an additional $40 million in promoting Contac's reintroduction to the market.

Contac continues to be the company's most-advertised product, receiving $17.1 million in measured ad dollars in 1986, up 35.6% from 1985, according to spending totals for seven major media tracked by BAR/LNA.

With its reintroduction, the Contac line was expanded with three new formulations. In two 15-second TV spots created by BBDO, New York, Contac is featured with a box of Sudafed or a box of Actifed; the boxes of the two competitors sneeze, but the Contac box doesn't.

Contac, in capsule and caplet forms, finished the 1986-87 cold season tied for the top spot among cold medicines, according to A.C. Nielsen. During the fall of 1986, Nielsen data showed 4.2 million packages of Contac were sold giving it an 11.8% market share, tied with Burroughs Wellcome's Actifed. Burroughs Wellcome's Sudafed held 11.3% of market sales; A.H. Robins Co.'s Dimetapp held 8.1%.

Other SmithKline products receiving sizable measured media dollars included: $4.9 million on Sine-Off sinus medicine, up 8.8% from 1985; $1.7 million on the Ecotrin aspirin line, up 96%, and $764,600 on Teldrin allergy tablets, which received no measured advertising in 1985.

SmithKline's pharmaceutical business accounted for 50% of total sales. Pharmaceuticals include products regulated by the FDA and promoted to the medical profession.

Tagamet, SmithKline's anti-ulcer drug, has become the most-prescribed ulcer medicine worldwide. Sales of Tagamet in 1986 were $1.1 billion, up 13% from 1985, accounting for 27% of SmithKline's total sales. For the first six months of 1987, Tagamet's U.S. sales were up 14%, and the company says that growth should continue through yearend.

Currently, Tagamet holds about 49% of the U.S. market for anti-ulcer drugs. Glaxo Holding's Zantac holds 45% of U.S. sales. However, some analysts speculate that Zantac's growth is based on Glaxo's advertising claims that the drug prevents the recurrence of ulcers. According to SmithKline, the FDA has made no decision as to Tagamet's or Zantac's ability to prevent ulcer recurrence.

To counter Zantac's rise, SmithKline signed an agreement with Bristol-Myers Co. in 1987 to co-market a nonprescription form of Tagamet, called Cimetidine. The FDA is expected to approve the OTC version within the next three years, and analysts predict this will bring substantial sales increases for SmithKline.

Dyazide, SmithKline's leading cardiovascular drug used to treat hypertension, has experienced sales growth problems related to the August 1987 approval of the drug's generic form produced by Bolar Pharmaceutical. For the six months of 1987, U.S. Dyazide sales were up only 3%. The company estimates that Dyazide will account for about 20% of SmithKline's 1987 earnings.

In September 1987, SmithKline increased the price of Dyazide by 18%, and analysts agree that despite the generic, SmithKline will be able to maintain dollar sales and profitability. Dyazide's 1986 worldwide sales were $359 million, up 15% from 1985.

SmithKline's largest sales growth of the first half of 1987 was in the Eye and Skin Care Division, which increased sales by 34%. The company's eyecare products should continue to grow at a rapid rate and will likely reach a $1 billion sales mark by 1990, according to Stifel, Nicolaus & Co., a St. Louis-based market research company. SmithKline boosted that division in August 1987 when it acquired International Hydron Corp., a contact lens manufacturer, for $155 million. Hydron sales were $40 million for the first six months of 1987. SmithKline's eyecare products had sales of $243 million for the same period.

In 1987, Allergan Optical introduced a line of preservative-free products for cleaning soft contact lenses.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	14	37
Magazines	2,115	2,543
Newsp. supps	479	339
Bus. pubs	486	402
Farm pubs	275	233
Network TV	20,621	17,683
Spot TV	1,359	2,136
Network radio	1,289	535
Spot radio	2	326
Network cable	458	483
Total measured	27,099	24,718
Unmeasured	29,601	27,000
Total	56,700	51,718

SMITHKLINE/BECKMAN CORP.
One Franklin Plaza
Philadelphia, Pa., 19101
(215) 751-4000
SMITH KLINE & FRENCH LABORATORIES
Corporate Personnel

James H. Cavanaugh PhD., president, SK&F-U.S.
John F. Chappell, president, SK&F-Intl

Marketing Personnel

Roger A. Ross, vp-mktg, U.S.
David P. Wright, vp, gastrointestinal business group, U.S.
F. Richard Hammel Jr., vp-cardiovascular & rheumatologic, immunologic business group, U.S.
Munier Z. Kadrie, vp-anti-infective business group, U.S.
James H. Geddes, vp-natl accts, health affairs, U.S.
John Dillon, II, vp-new business devel, U.S.
William A. Packer, exec vp, intl
Paul Goddard, vp-mkt devel, intl

SMITHKLINE CONSUMER PRODUCTS
Philadelphia, Pa.
Corporate Personnel

William E. Learnard, president

Marketing Personnel

Lawrence D. White, vp-mktg & sales
Greg L. Kearl, vp-sales
Richard E. Arnold, vp, prods & business svcs
Frank E. Downing, vp, finance, admin & internal operations

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Sine-Off, Ecotrin—Steve Brounstein, group acct dir; Dick Mullan, vp-acct dir.

BBDO, New York—Contac, and all Contac line extensions, Teldrin, Aqua Care, Citrus Plus, Vital Eyes, Clear By Design, Ornex—David Seal, mgr-acct rep; Kevin Campaign, acct exec.

Lavey, Wolff & Swift, New York—Feosol—Eric Malter, acct super.

SMITHKLINE BECKMAN ANIMAL HEALTH PRODUCTS
West Chester, Pa.
Marketing Personnel

Norman H. Blanchard, president
Martin F. Braun, vp, SmithKline Animal Health Products, worldwide
Robert L. Murphy, vp, Norden Laboratories, worldwide

SMITHKLINE ANIMAL HEALTH PRODUCTS
West Chester, Pa.
Marketing Personnel

Gerald Myers, dir, sales & mktg, US/Canada

Advertising Agency

Marketing Support Services, St. Joseph, Mo.—Kenneth Shearin, creative mgr, mktg mgr.

NORDEN LABORATORIES
Lincoln, Neb.
Marketing Personnel

Daniel P. Hinnah, president, U.S. & Canada
Beverly Blume, mgr-adv & promo support

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Omaha, Neb.—Omar Dye, Wes Newhaus, Kurt Wullschleger, acct execs.

ALLERGAN, INC.
Irvine, Cal.
Corporate Personnel

Gavin S. Herbert, chmn-Allergan, president-eye & skin care group, SmithKline Beckman Corp
William C. Shepherd, president Allergan Inc
W. Richard Ulmer, president, Allergan Pharmaceuticals
Donald Earhart, president, Allergan Optical
Robert C. Bishop Ph.D., president, Allergan Medical Optics
Robert B. Samuels Ph.D., president, Allergan Humphrey
Rex Bright, president, Herbert Laboratories
David Bruns, president, Allergan Intl

Marketing Personnel

B. Norris Battin, sr vp, group mktg & comm
William Faulds, vp-sales, Allergan Pharmaceuticals
Steven Mitchell, dir-mkt planning, Allergan Pharmaceuticals
A. Thomas Bender, sr vp-domestic mktg, Allergan Optical
Jim Fuller, vp-domestic sales, Allergan Optical
Tim Lindsay, mktg & sales mgr, Allergan Medical Plastics
Keith Ignotz, vp-mktg, Allergan Humphrey
Steve Guida, vp, sales & mktg, Allergan Medical Optics
Gary Wertz, dir-sales, Herbert Laboratories
Retha Ott, dir-mktg, Herbert Laboratories
Mike Donohoe, dir-optical mktg, Allergan Intl
Jane Nugent, dir-pharmaceutical mktg, Allergan Intl

SMITHKLINE BIO-SCIENCE LABORATORIES
King of Prussia, Pa.
Corporate Personnel

Harry C. Groome, president

Marketing Personnel

Richard Novak, vp-sales & mktg

BECKMAN INSTRUMENTS
Fullerton, Calif.
Corporate Personnel

Louis T. Rosso, president
John P. Wareham, vp-diagnostic systems group
Thomas E. Waller, vp-bioanalytical system group

Marketing Personnel

James Quirk, div mgr-scientific instruments div
Roger Novesky, mgr-Spinco div
Robert R. Crittendon, mgr-mktg comm

Advertising Agency

Cochrane Chase, Livingston & Co., Irvine, Calif.—Frank Addis, vp-managing dir, med bioscience group; Gary Cunningham, vp-creative dir; Eileen Goodman, acct rep.

Southland Corp.

RANK **140**

Dallas

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,620	8,622	(0.0)
Net income	200	213	(5.7)
U.S. advertising	60	54	10.6
Division sales	**1986**	**1985**	**% chg**
Convenience	7,999	8,055	(0.7)
Food processing	572	518	10.5

Southland Corp. will focus on its 7-Eleven convenience retailing business and sell virtually all non-convenience store operations as a result of its definitive merger agreement with JT Acquisition Corp., an affiliate of the Thompson Co.

Thompson Co., which includes members of Southland's founding family, is taking the company private through a $5.1 billion leveraged buyout—a buyout sparked this past summer by acquisition overtures from Canadian corporate raider Samuel Belzberg.

The leveraged buyout was expected to be set this fall. But the financing by issuing junk bonds and selling $1 billion in assets was delayed in November.

Completion of the buyout will place the company, which the Thompsons' late father Joe C. Sr., founded in 1927, wholly under the family's control. The founder's three sons, John, Jere and Joe Jr., are leading the buyout attempt.

Southland is the world's largest convenience store retailer with 8,250 7-Eleven and other convenience stores, such as Quik Mart, Super-7 and High's Dairy Stores. The retail division is supported by Southland's distribution and food centers. Southland is also the nation's largest independent gasoline retailer, and owns a 50% interest in Citgo Petroleum Corp.

Results for both 1986 and 1985 were restated following the sale of Citgo stock to exclude Citgo's sales from Southland's revenues for both years. In the accompanying box, net earnings for 1986 included 100% of Citgo's loss through the first nine months, but in the fourth quarter only Southland's 50% interest in Citgo's earnings was included. In 1985, however, Southland's net earnings included 100% of Citgo's profits for all of that year.

In the second quarter ended June 30, 1987, Southland reported net earnings of $47.5 million, compared with $81.6 million in the same quarter a year ago. Revenues were $2.45 billion, compared with $2.21 billion for the second quarter of 1986.

Southland operated about 7,764 7-Eleven units in the U.S. and Canada as of June 30, which is more than double the total for the industry's No. 2, Circle K, Phoenix. In Southland's downsizing to repay the debt incurred in the buyout, it plans to sell Chief Auto Parts, its dairy unit and Reddy Ice. It also expects to sell 1,[illegible]00 7-Elevens and most of the 160 acres purchased for its CityPlace development north of downtown Dallas.

In October, Southland sold its 270 Houston-area 7-Eleven stores to competitor National Convenience Stores, Houston, for $80 million. NCS is the operator of the Stop N Go convenience store chain. NCS operates about 900 convenience stores in six Sunbelt states. Earlier this year, NCS sold 42 Stop N Go stores in the Midland-Odessa area to Southland.

In a separate transaction, Southland sold the assets of its MovieQuik rental division to Cevaxs Corp. for about $52 million. British Columbia-based Cevaxs will operate its movie rental system in about 4,500 7-Eleven stores.

Southland's 1987 marketing strategy departed from its traditional marketing strategy in the last year to position the 7-Eleven units as a destination rather than

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an emergency stop. John Antioco, VP-marketing and retail manager, led the effort.

In May, Southland launched a national TV campaign themed, "Where the good things come easy." The national campaign, via Hill, Holliday, Connors, Cosmopulos, New York, included spot TV, radio, outdoor, print and point of purchase. It was HHCC's first major effort for Southland since replacing Young & Rubicam, New York, last year on the approximately $12 million-plus account.

The national image effort was supplemented by a separate, area-specific campaign from W.B. Doner & Co., Southfield, Mich., airing in Texas and Arizona only.

The company is likely to draw fire from the Baptists this year, a year after making friends with this Dallas establishment by pulling adult magazines off the shelves of 7-Eleven stores. The reason: Southland is pushing for a Texas lottery.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	34	48
Magazines	168	110
Newsp. supps	66	0
Bus. pubs	217	255
Network TV	866	1,297
Spot TV	11,655	11,383
Spot radio	19,962	19,926
Outdoor	2,986	2,908
Network cable	60	3
Total measured	36,015	35,929
Unmeasured	23,642	18,000
Total	59,657	53,929

SOUTHLAND CORP.
P.O. Box 719
Dallas, Tex. 75221
(214) 828-7011

Marketing Personnel

John Thompson, chmn
Jere W. Thompson, president-ceo
S. Richard Dole, exec vp-retail stores
John Antioco, vp-mktg & retail
Fred Bradshaw, adv & comm mgr
Jim Notarnicola, adv mgr
Ken Cason, natl adv mgr
Rod Brehm, natl mktg mgr

Advertising Agencies

Davis, Johnson, Mogul & Colombatto, Los Angeles—specialty retail div—Lee Dick, mgmt super; Linda Ward, acct super.

Hill, Holliday, Connors, Cosmopulos, New York—retail store div—Casey Jones, sr vp; Jim Matthews, vp; Chris Miller, Charlie Decker, exec vps-co mng dirs; Tony Angotti, Joe O'Neill, exec vps-co creative dirs.

Richards Group, Dallas—Southland manufacturing & distributing—Jim McGee, principal; Clark Culbertson, acct super; Pat Kirwan, acct exec.

W.B. Doner & Co., Southfield, Mich.—7-Eleven stores project work—Alan Kalter, exec vp; Jon Katov, account super.

Southwestern Bell Corp.

RANK **120**

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	7,902	7,925	(0.3)
Net income	1,023	996	2.7
U.S. advertising	68	70	(3.4)
Division sales	**1986**	**1985**	**% chg**
Local service	3,148	3,036	3.7
Network access	2,797	2,656	5.3
Long distance	893	891	0.2
Directory ads	824	948	(13.1)
Other	240	394	(39.1)

Despite its regional-sounding name, Southwestern Bell Corp. is reaching well beyond its St. Louis-based telephone operation roots in its quest to become a leading communications marketer.

Just two years into the post-American Telephone & Telegraph divestiture phase, Southwestern scored a major coup when it announced an agreement to buy Metromedia's cellular-telephone and paging operations in 21 markets.

The $1.65 billion purchase approved in October 1987 moves Southwestern from No. 11 into the top spot among cellular phone companies. Siblings Bell Atlantic and Pacific Telesis, serving 16.1 million and 15.9 million customers, respectively, ranked No. 1 and 2 before the Southwestern purchase.

The Baby Bell internecine rivalry was fueled even more when Southwestern announced plans to publish Yellow Page directories outside its traditional five-state territory—in Manhattan, Baltimore, Chicago and Washington, D.C.

Further, it is establishing a global foothold via joint ventures for Yellow Pages sales in Australia and part ownership of Israel's Aurec Information and Directory Systems.

Southwestern plans to continue its expansionist strategy in diverse geographic markets to spread the regulatory rate risk and offset regional economic downturns, improve its efficiency in marketing to national customers and gain a competitive edge for national product rollouts.

In April 1987, Southwestern was granted the right to enter the advertising business (i.e. Yellow Pages ad agency) as long as it did not provide advertising services to its affiliates. No action has been taken since the right was granted.

While measured ad expenditures dropped 4% to $67 million in 1986 from 1985, spot TV continued to dominate measured media with a $28.9 million expenditure, up 19% from the previous year. Among "brand" spending monitored by BAR/LNA, general corporate promotions got a 16.3% boost to $9.3 million. Southwestern Bell Publications, the leading brand category, got $11 million, down 27%.

The directory unit at Southwestern posted $824 million in revenues in 1986 a 14% share of the $6 billion directory business. It purchased Gulf Printing Co., a full-service printer with four plants in Houston and Oklahoma City, which publishes 1,100 White Pages, Yellow Pages and special directories in 46 states.

For its Manhattan launch, Southwestern bypassed TV in its introductory campaign that used radio, print and outdoor, touting an "all in one" business-to-business and consumer directory which rival Nynex coined "the clone book" in initial advertising. Southwestern offered a 60% discount to advertisers who bought both business and consumer directories and 40% to those buying single books.

In September 1986, it launched an ad campaign in Chicago with TV and radio spots as well as newspapers featuring people wearing blinders, a reference to the partial information available in other directories (such as Ameritech's). Gardner Advertising handled the creative.

Southwestern Bell Telephone Co. which contributed 90% of the corporation's revenues in 1986, received $2.8 million in measured advertising. It established a sales and agency network to market products and services via telephone equipment vendors and tested quick-stop service kiosks.

Southwestern Bell Telecom's Freedom Phone division, which received only $28,500 in measured spending in 1986, in September 1986 added the FF 1250, a new pocket-size cordless phone. Direct mail catalogs and retail stores carried the Freedom line which includes answering machines and decorator phones.

Southwestern Bell, the last Baby Bell to restructure, established a four-man office of the chairman in 1986. John E. Hayes Jr. was named ceo and is joined by three vice-chairmen: Gerald Blatherwick, vice-chairman of human resources and corporate communications (formerly VP-pr); Robert G. Pope, vice-chairman of corporate development, and Edward E. Whitacre Jr., vice-chairman-cfo.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,259	7,286
Magazines	2,760	2,266
Newsp. supps	0	595
Bus. pubs	211	384
Spot TV	20,887	24,295
Spot radio	10,317	7,977
Outdoor	98	192
Network cable	0	5
Total measured	41,531	43,000
Unmeasured	26,078	27,000
Total	67,609	70,000

SOUTHWESTERN BELL CORP.
One Bell Center
St. Louis, Mo. 63101
(314) 235-9800

Corporate Personnel

Donald Lottmann, vp-corp comm

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-acct group dir, William Miller, acct super; Michele Fite, acct exec.

SOUTHWESTERN BELL TELEPHONE CO.

Marketing Personnel

John Atterbury III, vp-mktg
Larry Alexander, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-acct group dir; Gail Foster, vp-mgmt super; Gary Shipper, vp-acct super; Tim Lawlor, acct exec.

SOUTHWESTERN BELL PUBLICATIONS

Marketing Personnel

Al Parsons, president-ceo, Ronald Jennings, exec vp-sales
Robert Seyler, vp-publishing & admin svcs
Marty Berg, asst vp-corp comm
Peter Martin, vp-mktg

Advertising Agency

Gardner Advertising, St. Louis—Yellow Pages—Doug Herrman, acct super; Kevin Reardon, acct exec. Silver pages/corp recruitment—Doug Herrman, acct super; Carol Perry, acct exec.

SOUTHWESTERN BELL TELECOM

Marketing Personnel

Dave Gallemore, vp-mktg
Todd Gurley, vp-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, St. Louis—Edward C. Barnidge Jr., sr vp-acct group dir; William Mund, vp-group super.

SOUTHWESTERN BELL MOBILE SYSTEMS

Marketing Personnel

Steve Millstein, vp-mktg
Lisa Hughes, dir-adv & promo

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Dallas mkt—George Landis, vp-mgmt rep; Peter Lempert, acct exec; Jennie Smith, acct super; Anne Byerhof, asst acct exec.

Gardner Advertising, St. Louis—north region—Ray Ward, acct super; Chris Schlarman, acct exec.

Squibb Corp.

RANK **161**

Princeton, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,785	1,404	27.1
Net income	396	227	74.9
U.S.	**1986**	**1985**	**% chg**
Sales	1,017	812	25.2
Operating profits	365	237	53.6
Advertising	51	49	4.1
Division sales	**1986**	**1985**	**% chg**
Pharmaceutical	1,521	1,192	27.6
Medical products	264	212	24.4

With the sales of its personal care product group—Charles of the Ritz Group—to Yves Saint Laurent S.A. on Dec. 31, 1986, Squibb Corp. entered a new calendar year without its biggest advertiser and with a reduced product line encompassing only pharmaceuticals and healthcare products.

Year-to-year figures in the accompanying box do not include returns for Charles of the Ritz. In 1985, the last year the division was included in the Squibb returns, it had operating profit of $50.6 million on sales of $432.2 million.

Advertising expenditures for Squibb's Charles of the Ritz Group historically have accounted for 65% of Squibb's measured advertising. In 1986, Squibb spent $15 million advertising its personal care products, which included Krystle perfume, Opium perfume, Jean Nate toiletries and Bain de Soleil sun products. Total measured advertising spending in 1986 was $24.9 million, according to brand spending in seven major media tracked by BAR/LNA.

Theragran vitamins received the balance of 1986 measured advertising, or $4.9 million, up 23% from 1985, according to BAR/LNA.

The agency also is designing the advertising for Proto-Chol, Squibb's fish-oil capsule that the company introduced in late 1986. Squibb is spending about $10 million to market Proto-Chol with a campaign that stresses that fish-oil capsules are a supplement to cholesterol maintenance, as opposed to being the answer for people who have high cholesterol. Squibb's print ad for Proto-Chol tells consumers to exercise, eat a low-fat diet and regularly visit their physician.

U.S. fish-oil sales reached about $30 million in 1986, and analysts estimate that Squibb holds about 22% of this growing market.

For the six months ended June 30, 1987, Squibb reported net income of $231.7 million, up 28% from the year-earlier period. Total sales for 1987's first six months were $1 billion, up 24% from 1986.

Fueling Squibb's continued growth are ethical drugs marketed directly to physicians. The second quarter 1987 sales of Squibb's pharmaceutical products were $456.5 million, up 27% from the year-earlier period.

In July 1985, the U.S. Food & Drug Administration approved the U.S. sale of Squibb's Capoten (captopril) for treating high blood pressure and congestive heart failure. During June 1986, the "New England Journal of Medicine" published a study that said Capoten provided patients with better quality of life in work performance, well-being and sexual function. The study said that the product was more effective than Merck & Co.'s Aldomet and American Home Product's Inderal. Capoten sales for the first half of 1987 were $353.9 million, up 56% from the first half of 1986.

In February 1987, Squibb penetrated another drug market, monobactam antibiotics, with the introduction of Azactam (aztreonam). Squibb hopes Azactam will become the major drug used to battle hospital infections contracted by many elderly patients. Analysts speculate that Azactam will have annual sales of about $100 million by 1990.

Tests continue with Squibb's pravastatin, a cholesterol synthesis inhibitor, and Squibb will start seeking worldwide regulatory approval to market the anticholesterol drug during the first quarter of 1988.

In April 1986, Squibb divided up its pharmaceutical group into four distinct segments, including prescription drugs, OTC and patent-expired drugs, diagnostic pharmaceuticals and physician computer communications. At the end of 1986, Squibb combined three of its medical electronics units—Advanced Technology Laboratories, Spacelabs Inc., and Squibb Medical Systems—into Westmark International Inc., which is 10% owned by Squibb.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,053	0
Magazines	5,457	5,923
Newsp. supps	606	31
Bus. pubs	735	483
Network TV	11,620	9,000
Spot TV	3,697	6,229
Network radio	1,629	1,837
Spot radio	58	71
Outdoor	0	3
Network cable	0	293
Total measured	24,854	23,870
Unmeasured	26,030	25,000
Total	50,884	48,870

SQUIBB CORP.
P.O. Box 4000
Princeton, N.J. 08543-4000
(609) 921-4000

Corporate Personnel

Richard M. Furland, chmn-ceo
Jan Leschly, exec vp
Charles A. Sanders, MD, exec vp

PHARMACEUTICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

S.L. Barker, president-ceo, Squibb USA
R.D. Metique, vp-mktg devel, Squibb Intl
J. Weinstein, vp-mktg planning, E.R. Squibb & Sons
D.J. Murphy, dir-mktg svcs, Squibb USA
R.D. Samples, vp-sales, Princeton Pharmaceutical Products
J. Keith, dir-mkt planning, Princeton Pharmaceutical Products
K.F. Anderson, business area dir-consumer prods, Squibb
R.A. Angello, dir, anti-infective mktg, Squibb
R.E. Scott-Edwards, dir, cardiovascular mktg, Squibb
S. Reese, new prods planning dir, Squibb
J.A. McClintic, vp-sales, Squibb

Advertising Agencies

Botto, Roessner, Horne & Messinger, New York—Squibb Diagnostics—Bob Botto, president; Tricia Morgan, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Squibb-Novo, Prolixin—Robert Leverte, president;Wes Hostetler, group acct super.

Saatchi & Saatchi DFS, New York—Theragran multivitamin, Proto-Chol fish oil gel caps—Rich Prunder, mgmt dir; Chris Zimmerman, acct super; Christopher Willis, asst acct exec.

Sieber & McIntyre, Morristown, N.J.—anti-infectives—Joe Mastracchio, acct staff.

MEDICAL PRODUCTS GROUP
Princeton, N.J.

Marketing Personnel

J.G. Solari, sr vp-Weck Companies
K.B. Grealey, president, Richard Weck & Co.
R.M. Goffredo, president, Weck Medical Instruments

Advertising Agencies

Gross, Townsend, Frank, Hoffman, New York—Ostomy & specialty prods—Charlene Prounis, acct exec.

Hall Decker McKibben, Englewood, N.J.—Weck Medical—Joe Ryan, vp-acct svcs.

Penchina, Selkowitz, New York—Humanicare—Bob Morgan, acct mgr.

Simms & McIvor, Bound Brook, N.J.—Wound mgmt—Pat Storm, acct exec.

State Farm Mutual Auto Ins. Co.

RANK **196**

Bloomington, Ill.

($ in millions)

Worldwide	1986	1985	% chg
Total income	11,664	9,863	18.3
Net income	N/A	N/A	N/A
U.S. advertising	33	26	24.9

Multiple insurance needs for the family market continue to be the "sole purpose" and chief advertising thrust of State Farm Mutual Automobile Insurance Co. In 1986 the company pushed its life insurance coverage to compensate for an industry-wide slump in the casualty business. And it continued an aggressive push into the women's market begun in 1985.

Otherwise, the company followed much the same marketing course that for many years has made it the nation's No. 1 automobile and homeowners insurance carrier, as well as a leading carrier in life insurance.

State Farm revenues remained stable in 1986, totaling $11.7 billion in premiums and membership fees, up 18.3% from 1985. Income from all sources was $1 billion after dividends. Total assets at the end of 1986 were $23.7 billion, up 20.2% from 1985.

Using the same ad slogan it has relied on since 1971, as well as the same agency (DDB Needham, Chicago) it has worked with since 1939, State Farm increased its spending in measured media by 32.4% to $24.1 million in 1986. The increase does not indicate a significant change in marketing strategy, says R.S. Bugajski, advertising director. An additional $8.4 million in unmeasured media for 1986 is attributable to the 50-50 program State Farm conducts with its agents for newspaper, TV, radio and billboard ads and direct mail, Mr. Bugajski says.

Along with its longtime theme, "Like a Good Neighbor, State Farm is There," the company continues to use (or refer to) actual State Farm agents in its ads.

In 1986 the biggest share of State Farm's advertising dollars, $15.7 million, went into promoting the company's all-forms coverage—auto, life, home and health insurance. This is a 50% increase over 1985 spending in this category. TV sports and popular women's progams drew much of the spending.

Radio drew $5.5 million of the all-forms budget, some $3.5 million for network, drivetime and the remainder to sponsor statewide sports programming at 37 universities.

In the first quarter of 1986, State Farm conducted a $5.9 million life insurance campaign, timed to coincide with a similar nationwide campaign by local agents. Most of this money, $3.6 million, went into network TV. It was aimed specifically at younger viewers through NCAA basketball coverage. This new marketing strategy continues in 1987. In 1985 State Farm did not separate its advertising for life insurance.

Another new direction, begun in 1987, is the push through newspapers and TV for the 50-plus market.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	200	371
Magazines	1,462	1,451
Bus. pubs	218	32
Network TV	11,694	8,722
Spot TV	1,871	1,892
Network radio	7,036	5,618
Spot radio	1,243	917
Outdoor	146	206
Network cable	274	352
Total measured	24,144	19,559
Unmeasured	8,400	6,500
Total	32,544	26,059

STATE FARM MUTUAL AUTOMOBILE INSURANCE CO.
One State Farm Plaza
Bloomington, Ill. 61710-0001

Marketing Personnel

Daniel McNertney, vp-adv
Don Bittner, adv dir
R.S. Bugajski, adv dir
Robert L. Denny, dir-agency sales & devel promo svcs

Advertising Agency

DDB Needham, Chicago—auto insurance, homeowners insurance, life insurance, health insurance, all forms insurance—Jack Copher, group acct dir; Donald Putzier, mgmt rep; Rick Fobes, acct super; Jack Davidoff, acct exec.

Levi Strauss & Associates

RANK **106**

San Francisco

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,600	2,570	1.2
Net income	82	N/A	N/A
U.S. advertising	77	71	7.6
Division sales	**1986**	**1985**	**% chg**
Jeans	N/A	1,500	N/A
Sportswear	N/A	512	N/A
Int'l	N/A	558	N/A

Diversified apparel manufacturer, Levi Strauss & Co., now a subsidiary of Levi Strauss & Associates Inc., continues to place heavy emphasis in advertising 501 Blues line, although positioning itself as a broader sportswear purveyor. The company also is experimenting with computerized buying and catalog sales.

Since the company was taken private in a $2 billion leveraged buyout engineered by the founding family last September, Levi Strauss has found its once undisputed position as the leading jeans marketer being challenged.

Serious contention in the $6 billion domestic jeans industry comes from the vastly expanded VF Corp., Wyomissing, Pa., whose purchase of No. 3 Blue Bell Holding Co. last year placed it on equal footing in the marketplace. The purchase gave VF several of Blue Bell's lower-priced jeans brands, including Wrangler and Rustler.

Industry analysts now rank Levi and VF about even in the overall U.S. jeans market, each with about a 25% share, while some give the advantage to VF. Both Levi and VF project sales of $2.7 billion this year, up only slightly from 1986.

Levi leads the measured spending in the seven media monitored by BAR/LNA, with $29.5 million in 1986, with $24.6 million of that spent on jeans and closely related separates, up 16.1%. VF spent $25.1 million on all brands, although most of that was for Lee and Wrangler jeans. Levi also spent $4.8 million on its sportswear lines.

International ad spending adds another $30 million to Levi's total estimated 1986 expenditures, bringing them to about $106 million. This also includes $44.7 million in unmeasured costs. The unmeasured expenditures account for a substantial amount of cooperative advertising with retail distributors. The extent of the company's massive involvement in the co-op effort varies from 50% to as much as 65%.

In its latest reorganization, which resulted in the dismemberment of the unprofitable Battery Street Enterprises, Levi took the women's and men's sportswear operations from that group and placed them in a new division called Levi Strauss Sportswear. The company has singled out the women's market, dominated in recent years by rival VF's Lee Co., as its next big growth area. All women's apparel has been reorganized into a division within Levi Strauss Sportswear.

Levi also divested the end of 1986 its Oxxford Clothes Inc., a maker of hand-tailored men's suits, to a group of executives and investors. Levi also sold sportswear maker, Fashion Portfolio, and women's clothing company, Koret of North America, giving it an estimated $110 million from the three sales.

But Levi surprised some industry analysts in early 1987 when it reversed its corporate pruning in acquiring Brittania jeans, a struggling competitor with about $50 million in annual sales. The deal also opens the way for Levi to import a large quantity of jeans from the Far East, where labor costs are lower. Levi is counting on Asian Pacific to boost its women's wear sales, a potentially lucrative area that lags behind jeans and menswear. Asian Pacific also markets jeans and sportswear under the Brittasport, Pentimento and 2022 labels.

Levi reentered the sportswear arena this year with a new line of casual menswear called Levi's Dockers. The brand rolled into department stores nationally this April.

Designed to be an alternative to jeans, Dockers are aimed for the same consumer base (men ages 25 to 49). The line includes all-cotton, pleated slacks in soft, garment-washed twill and chambray, and knit and woven shirts. Sport coats will be added this fall. Unlike Levi's unprofitable Battery Street venture, Dockers represents an extension of its core jeans business. There are Dockers shops in 45 of the nation's top department stores.

Levi gave the new line strong ad support during its introduction last year and again in 1987. This fall Dockers will be promoted with TV spots produced by the same team from Foote, Cone & Belding, San Francisco, that produced Levi's award-winning 501 Blues commercials.

The 501 Blues spots, aimed at men, women and kids, rolled on in 1986-87. Released each July since 1984, the Levi's 501 campaign is now in its fourth year, with a total budget outlay of $100 million being spent over the four years to market this single apparel product. The message is "Levi's 501 jeans give you a uniquely personal fit." Newest series of 501 Blues ads continues to blend urban street scenes with original music ranging from blues to bluegrass.

Another series of TV spots, also out of FCB, is aimed at kids aged seven to 11 who, the company hopes, are ready to begin a lifelong tradition of Levi's jeans. Internationally, a new pan-European TV and movie house campaign for the 501 five-pocket jeans showed signs of becoming a cult classic. Two 501 spots, with sound tracks by famous '60s pop stars—Sam Cooke singing "Wonderful World" and Marvin Gaye with "I Heard it on the Grapevine"—brought about the re-release of both songs and sparked sales of the Levi's 501s.

On other marketing fronts, Levi teamed up with Designs Inc., a Boston-based retailer selling Levi's apparel exclusively, to test a four-color catalog that also sells only Levi Strauss products. First tested in a small geographic sample mailing in winter 1985, a second catalog was mailed last fall to 1.5 million consumers, followed by a holiday issue of 1 million. Issues track the seasons.

Levi experimented with new selling techniques and technologies. Last fall the company introduced a multifaceted electronic data interchange (EDI) program called Levi-Link, which ties the manufacturer's sales and shipping departments directly to retailers via computer.

In mid-1987, Levi's also inaugurated a video purchase system for electronic shopping, with plans to introduce video kiosks in 10 unidentified retail stores around the country this year. Customers can view the full Levi's line of pants on the video display and order their selections, which are delivered to them within two weeks.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	132	39
Magazines	5,173	5,974
Newsp. supps	253	123
Bus. pubs	4	15
Farm pubs	161	0
Network TV	17,106	11,407
Spot TV	1,274	3,926
Network radio	1,256	734
Spot radio	2,186	2,708
Outdoor	72	68
Network cable	4,381	4,749
Total measured	31,999	29,743
Unmeasured	44,756	41,600
Total	76,755	71,343

LEVI STRAUSS & CO.
Levi's Plaza
1155 Battery St.
P.O. Box 7215
San Francisco, Calif. 94120
(415) 544-6000

THE JEANS CO.

Marketing Personnel

John Ankeny, vp-mktg
Linda Aletto, consumer mktg dir
Maureen Moriarity, consumer mktg dir, men's jeans
Larry Ruff, adv dir
Sandi Sullivan, adv mgr
Julie Klee, adv mgr

LEVI STRAUSS SPORTSWEAR
San Francisco, Calif.

Marketing Personnel

Steve Goldstein, consumer mktg dir, menswear
Jim McCarthy, sr adv mgr, menswear
John Chappell, consumer mktg dir, women's jeans

BRITTANIA SPORTSWEAR LTD.

Marketing Personnel

Jim Criss, vp-mktg & sales

Advertising Agency

Foote, Cone & Belding, San Francisco—Mike Koelker, exec vp; Pat Sherwood, group mgmt super; Barbara Pauley, mgmt super; Alan Jewett, Laurel Hollis, Cathy Kirk, acct supers; Lisa Shenson, acct exec; Leslie Caldwell, sr vp-asst creative dir; Tim Price, group creative dir.

Tambrands Inc.

RANK **175**

Lake Success N.Y.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	487	420	15.7
Net income	69	58	19.4
U.S.	**1986**	**1985**	**% chg**
Sales	334	313	6.7
Operating profits	54	46	17.8
Advertising	45	44	1.7

Tambrands Inc., a marketer of feminine hygiene products, spent a quiet year holding on to its commanding market share for its flagship Tampax product line, bought the manufacturer of two of its most successful new products, and ended its operations in South Africa.

The payoff in the first six months of 1987 was an 8.7% increase in sales to $263 million, and earnings of $40 million, up 11.1%.

During 1986, the Tampax line of tampon products continued to perform well, while Maxithins, an external feminine hygiene product, loosened further its fragile hold in that highly competitive category.

The Tampax tampon product line, which is marketed in some 136 countries, held an impressive 60% share of the $500 million U.S. tampon market in 1986, according to Value Line Investment Survey analyst, Marilyn M. Royce. Through the first quarter of 1987, Tampax tampons continued to lead the category with a 56.5% share, says industry analyst Diana Temple of Salomon Bros., who tracks supermarket sales. By comparison, Beatrice Cos.' Playtex brand holds a 30.3% share, while Kotex from Kimberly-Clark held a 3.7% share during the same period.

Tampax tampons were backed by $13.4 million in measured spending, the company's largest budget for a single product.

The strong showing by Tampax tampons at home was juxtaposed against a less encouraging performance for Maxithins feminine pads, whose share actually declined from 9.1% in the first quarter of 1986, to 6.1% for the same period this year, Ms. Temple says. By contrast, Procter & Gamble's Always brand led the segment with 23.6% of the market, followed by K-C's Kotex and New Freedom entries with a combined 23.3% share, and Johnson & Johnson's 22.2% share for its Stayfree product. Maxithins received $7.5 million in media support last year.

More than $9.3 million in measured spending supported Tambrands First Response brand, including $4.8 million for the ovulation and pregnancy predictor—No.1 in its market segment—and $4.5 million for the pregnancy test, No. 3 in the larger category to market leader e.p.t.-Plus from Warner-Lambert, and Johnson & Johnson's Advance brand, according to Pipeline Research, a service of the IMS Consumer Products Division. Recently, Tambrands won an injunction against Warner-Lambert, prohibiting that competitor from advertising its pregnancy test as the "fastest one-step home pregnancy test ever."

In February 1987, Tambrands acquired the maker of its at-home diagnostic tests, Hygeia Sciences of Newton, Mass., for $46.4 million.

Tambrands plans to introduce a series of kits that diagnose infectious diseases, but because the FDA has not approved the new product line, the kits have been put on the back burner. Tambrands hopes to introduce the products by the end of this year.

Analyst Ms. Royce speculates that Tambrands' surplus cash and lack of debt could lead to a major acquisition as the company continues to diversify. One such diversification was the December 1985 acquisition of the Physicians' Formula line of hypo-allergenic cosmetics, which is being tested in about 10% of the country.

This January, Tambrands ended its investment in South Africa with the sale of its South African tampon subsidiary to local management.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	11,784	7,158
Bus. pubs	43	72
Network TV	16,108	20,371
Spot TV	410	748
Network radio	1	0
Spot radio	321	661
Network cable	1,860	994
Total measured	30,528	30,004
Unmeasured	14,244	14,000
Total	44,772	44,004

TAMBRANDS INC.
One Marcus Ave.
Lake Success, N.Y. 11042
(516)-775-1800

Corporate Personnel

J.F. Bard, exec vp, feminine protection div
M.R. Wadley, vp-feminine protection div
Edward Covell, vp, diagnostics div

Marketing Personnel

Douglas B. Fox, vp-mktg
Harry W. Rowe, vp-sales
Ronald Zwicke, dir-adv svcs
Jan Rock, mktg mgr, diagnostics
Sharon Shaw, mktg mgr, tampons
Cynthia Harvey, mktg mgr, Maxithin pads
Stephen Radcliffe, genl mgr, Physicians' Formula Cosmetics

Advertising Agencies

Ally Gargano/MCA Advertising, Westport, Conn.—Maxithins—Bob Lepre, exec vp; Victor Sandham, vp.

Carrafiello Diehl & Associates, Irvington, N.Y.—First Response home diagnostic tests—Robert Morias, acct super; Patricia Facey, acct exec.

Castor Spanish Intl, New York—domestic hispanic mkts for Tampax, Maxithins—Castor Fernandez, president-creative dir; Jorge Reynardus, vp-genl mgr; Julia Talavera, acct exec; Al Cruz, media mgr.

William Esty Co., New York—Tampax—Geoffrey L. Clarkson, sr vp-mgmt super; Diane Buckley, acct super; Laurine Garrity, acct exec; Donna Bernstock, asst acct exec.

Hyundai 'leans' to Fats

Hyundai matched its price tag ($5,000-plus) with the '50s both in fact and image when it launched its new models Oct. 1, 1986, with a showcase TV spot featuring Fats Domino and his music.

"I told you we should've advertised our cruise in the Register."

156,000 Orange County residents have taken a cruise during the past three years and The Orange County Register MetroGroup carries more steamship advertising than all but 12 newspapers in the nation. (Scarborough's 1987 Newspaper Ratings Study; Media Records, 1986)

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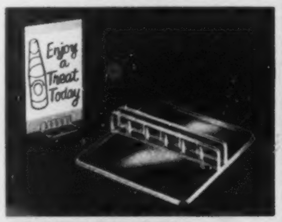

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36 Alpha Park, Cleveland, Ohio 44143
(216) 473-6919

Thompson Medical Co.

RANK
199

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	120	137	(12.4)
Net income	7	11	(36.4)
U.S.	**1986**	**1985**	**% chg**
Sales	117	133	(12.0)
Operating profits	12	19	(36.8)
Advertising	32	40	(21.4)
Division sales	**1986**	**1985**	**% chg**
Meal replacements	20	35	(42.9)
Appetite suppres.	53	70	(24.3)
Other healthcare	47	32	46.9

Thompson Medical expanded its product lines into new markets during 1986 and 1987 in the wake of declining market share and sales for its major business line, appetite suppressants.

The company suffered a decline of 12% in sales and 32.1% in net income in 1986 from 1985 as sales of appetite suppressants dropped 24% during the period.

The category at Thompson, which includes Dexatrim and Appedrine, accounts for 44% of the company's net sales, down from 50.8% in 1985. That is a drop in market share to about 49% from 65% (1984), according to the company. Analysts estimate that Dexatrim alone holds about 33% of the market; its primary competitor is Ciba-Geigy's Acutrim, with about 15%.

The loss in appetite suppressants has been somewhat offset by entries into new categories. Thompson recently has added an athlete's foot ointment NP-27, Fiber Full, a fiber dietary supplement, and the analgesic, Ibuprin, all of which combined helped boost sales by $15 million.

New products in fiscal 1987 include Tempo, a chewable antacid acquired from Procter & Gamble earlier this year, Cardi-Omega 3, a fish-oil dietary supplement that may contribute to a reduced risk of heart disease, Tribiotic and Tribiotic Plus, topical antibiotic creams, and Diar-Aid, an anti-diarrheal.

During 1986, Thompson Medical spent $26.1 million in 11 measured media, down 21.4% from the previous year. Spending was down 36% to $11.1 million for Dexatrim, its most heavily advertised brand; the decrease was primarily because of a 38% drop in network TV spending. In 1986, the company changed its ad strategy to emphasize 15-second spots.

Thompson threw $3 million in ad spending behind its Fiber Full high fiber dietary supplement, introduced in fiscal 1986. The company credits Fiber Full sales with a "significant" contribution to its healthcare product sales increase, but says the current market for fiber supplements is "very soft." Fiber Full's main competition is Schering-Plough's Fibre-Trim.

Aspercreme and Sportscreme, Thompson's two entries in the topical analgesic category, together received almost $3 million in ad support in 1986, down 44.7% from 1985. The company introduced two line extensions for Aspercreme: Aspercreme Ice and Aspercreme Hot.

Thompson Medical has overhauled its agency relationships since last year, when Saatchi & Saatchi DFS Compton handled all of the company's major brands. Laurence, Charles, Free & Lawson now handles most of Thompson's larger brands, including Dexatrim, Aspercreme, Sportscreme, and Fiber Full.

Rosenfeld, Sirowitz, Humphrey & Strauss handles new products, Tribiotic, Ibuprin, Tempo, and Cortizone-5, a topical hydrocortisone cream.

Thompson is starting a personal care division to introduce skincare and fragrance products in 1988. Peter Beatus, formerly of Revlon, has been hired to head the division.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6	136
Magazines	1,864	4,144
Bus. pubs	205	35
Network TV	15,809	18,378
Spot TV	5,652	4,048
Network radio	764	0
Spot radio	14	0
Network cable	1,819	6,495
Total measured	26,132	33,236
Unmeasured	5,504	7,000
Total	31,635	40,236

THOMPSON MEDICAL CO.
919 Third Ave.
New York, N.Y. 10022
(212) 688-4420

Marketing Personnel

S. Daniel Abraham, chmn-ceo
Frank DiPrima, exec vp-coo
Paul Craniotes, vp-creative
Ron Stern, vp-mktg
Harold Verschlieser, dir-sales promo
Joel Appel, exec vp-sales
Dean Siegal, dir-pr

Advertising Agencies

Laurence Charles Free & Lawson, New York—Dexatrim, Aqua-Ban, Cardi-Omega 3, Aspercreme, Sportscreme, Fiber Full, Diar-Aid, Sleepinal, NP-27—Al Magnane, exec vp-mgmt super; Cheryl Rego, Robin Coval, Tom Weiss, acct supers.

Rosenfeld, Sirowitz, Humphrey & Strauss, New York—Cortizone-5, Tribiotic and Tribiotic Plus, Slim Mint, Tempo, Ibuprin—Linda Srere, exec vp-dir acct mgmt; Veronica Heitbrink, vp-mgmt super; Fran Albin, acct exec

3M Co.

RANK
168

St. Paul, Minn.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,602	7,846	9.6
Net income	779	664	17.3
U.S.	**1986**	**1985**	**% chg**
Sales	5,383	5,252	2.5
Operating profits	897	818	9.7
Advertising	49	38	27.1
Division sales	**1986**	**1985**	**% chg**
Ind. & consumer	3,159	2,848	10.9
Electronic & info	2,322	2,266	2.5
Life sciences	1,707	1,437	18.8
Graphic tech.	1,411	1,292	9.2

Industrial giant 3M Co., which started as a sandpaper marketer in 1902 and has matured to a maker of a diverse lineup of 50,000 industrial and consumer products worldwide in 1986, intends to further expand its international recognition in the coming year as the lone worldwide industrial sponsor of the 1988 Olympics.

Analysts say increased market penetration overseas and growth in healthcare and consumer product lines are key growth areas for 3M.

The marketer of abrasives, adhesives, electronics and healthcare products increased by 27.1% to $48.9 million its total U.S. ad spending in 1986, estimates Ad Age. The company, however, experienced only minor growth in measured media of 2% to $23.9 million. The difference is the unmeasured advertising representing such items as promotion and direct mail. A 3M executive estimates worldwide media spending in 1986 as high as $36 million. Ad Age in this report estimates only U.S. ad activity.

Spending will jump again this year because of the start of 3M's $10 million-plus Olympic campaign, themed "Supporting the dream." The campaign is the first worldwide promotion by 3M.

3M continued to churn out new products in 1986 and early 1987. They include Thintech fabric; Soft-Scour cleaning pans for non-stick pans; Super VHS video tape; 3.5-inch computer disks; factory applied Scotchgard Wood protector; durable pavement markings; a stapler to help set fractured bones; and Tambocor, a drug to control irregular heartbeats.

Expansion abroad boosted 3M's 1986 net income by an estimated $79 million, largely because of favorable exchange rates. International sales surged 23.1% to $3.3 billion, compared to a 2.6% gain in domestic sales.

First-half worldwide sales for the period ending June 30, 1987 totaled $4.59 billion, up 7.9%.

3M has more than 40 divisions—each with its own marketing director—that belong to larger product groups that operate in four main business "sectors."

Sales growth was led by the life sciences sector, which grew 18.8% to $1.7 billion. The industrial and consumer sector continued as the No. 1 sales sector, with a 10.9% increase to $3.2 billion. New industrial and consumer sector products included improved Scotchgard Carpet Protector and a document binding system for businesses.

Electronic and information technologies sector sales rose 2.5% despite the late 1985 transfer of photocopying and facsimile machines to a joint venture with Melbourne, Fla.-based Harris Corp. and low prices for video tape and electronic components.

1986 was the first year of operation for Atlanta-based Harris/3M Document Products Inc. Harris/3M declined to reveal sales figures, but Dataquest, a San Jose, Calif. marketing research firm, estimated that 53,000 Harris/3M photocopying machines were delivered in the U.S. last year.

Scotch brand video cassettes lead the $1 billion-plus consumer blank video tape segment with a 13% market share. Chief competitors are Maxell and TDK. 3M also is marketing improved color print film under private brand names, including K mart's Focal; Boots in the United Kingdom and Target; and Scotch brand at Wal-Mart and other stores.

Official 3M Olympic products are Scotch and 3M brand audio, video and data-recording products; Thinsulate insulation; Thintech fabric and Scotchgard fabric protectors; and 3M adhesive tapes.

Nearly 75% of 3M's 1986 measured ad spending was in magazines or business publications. Virtually all the rest of measured spending was in network or spot TV, with overall measured TV spending dropping 10.8% to $5.9 million in 1986.

TV spending will increase this year after the debut of 3M's introduction of its Olympic TV campaign—the first image TV ads not to feature a 3M product.

3M has 27 ad agencies nationwide, ranks that may decrease because of cost control measures. For example, in 1986 seven divisions of 3M's tape, adhesives & decorative products group were consolidated at Kerker & Associates, Bloomington, Minn. Previously five agencies handled the seven divisions.

The company also expanded services to the cosmetics industry by becoming the first provider of lipstick samples in print ads in February 1987 via its Color Burst process.

Chairman-CEO Lewis W. Lehr retired in 1986. He was replaced by Allen F. Jacobson, previously president of U.S. operations. In February, 1987, James A. Thwaits, president of international operations, retired. Exec VP M.J. Monteiro now oversees international operations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	9,071	7,781
Newsp. supps	0	14
Bus. pubs	8,722	8,936
Network TV	2,623	2,389
Spot TV	3,266	4,219
Outdoor	9	8
Network cable	193	123
Total measured	23,883	23,469
Unmeasured	25,000	15,000
Total	48,883	38,469

3M COMPANY
3M Center
St. Paul, Minn. 55144-1000
(612) 733-1110

Corporate Personnel

Allen F. Jacobson, chmn-ceo
L.D. DeSimone, exec vp-industrial and consumer sector
Allan J. Huber, exec vp-electronic and info technologies sector
M.J. Monteiro, exec vp-intl operations
Jerry E. Robertson, exec vp-life sciences sector
Kenneth A. Schoen, exec vp-graphic technologies sector
Stanley W. Thiele, sr vp-admin svcs

INDUSTRIAL AND CONSUMER SECTOR

Corporate Personnel

L.D. DeSimone, exec vp

ELECTRONIC INFORMATION AND TECHNOLOGIES SECTOR

Corporate Personnel

Allan J. Huber, exec vp

LIFE SCIENCES SECTOR

Corporate Personnel

Jerry E. Robertson, exec vp

GRAPHIC TECHNOLOGIES SECTOR

Corporate Personnel

Kenneth A. Schoen, exec vp

Marketing Personnel (all sectors)

Donald Osmon, vp-mktg & public affairs
C.M. Eldridge, vp-staff mktg svcs
J.R. Kendall, dir-staff mktg, rsch & info systems
Steven Schmaltz, dir-mktg comms & intl mktg
M.A. Tita, dir-planning svcs & mktg devel

Advertising Agencies

Ashley-Wayne Advertising, San Diego—3M/International Tapetronics, broadcasting and related prods div—Nate Kositsky, president & acct super; Alan A. Ames, pr dir.

Associates & Larranaga, Minnetonka, Minn.—Medical & surgical prods—Robert Larranaga, president; Sheila Wood, Kim Clark, acct execs.

Baron Advertising, Cleveland—Associated Electronics/3M—Tom Pope, acct super; Joe Drenik, acct exec.

Baxter, Gurian & Mazzei, Beverly Hills, Calif.—Orthopedic prods & vision care prods—Gail Dearing, acct super; Jennifer Huffer, acct exec.

Beaumont-Bennett, Bloomington, Minn.—Magnetic media—Paul Hines, Dick Wray, exec vps.

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Ceramic mats, energy control systems, automotive trades, staff mktg systems, audio visual svcs—Terry Gruggen, sr vp-mgmt super; Gordon Simanton, vp-acct super; David Randall, acct exec.

Campbell-Mithun, Minneapolis—Commercial graphics, corp adv, home prods, imaging systems, photo color systems, protective chemical prods—Bruce Sutherland, exec vp; Corp—Joe Carpenter, sr vp-mgmt super. Imaging systems—Dick Moberg, vp-mgmt super. Photo color systems—Dick Moberg, vp-mgmt super; Dick Lynch, vp-acct super. Protective chemicals—Dick Moberg, vp-mgmt super. Home prods—Steve Gordon, sr vp-mgmt super; Larry Buntin, vp-acct super.

Carmichael Lynch, Minneapolis—Leisure time prods—Lisa Meyer, vp-acct super; Karen Casey, acct exec.

Chiat/Day, San Francisco—Magnetic media—Al Moffatt, Matt Crisci, John Martini, acct supers.

Colle & McVoy Advertising, Bloomington, Minn.—Printing & publishing systems, insulation & specialty fabrics, printing & publishing—Tom Engquist, vp-industrial group mgr. Insulation & specialty fabrics—John Hovanec, vp-consumer group dir; Laurie Radmer, acct exec.

Communications Management, Minneapolis—Automotive repair mgmt systems—Jon Fryxell, dir sales & mktg; Jon Swenson, vp.

Corporate Creativity Group, Lake Forest, Calif.—3M-Comtal (image processing computers)—Laer Pearce, president.

Fellers & Gaddis, Austin, Texas—TelComm Prods, test & measurement systems—Greg Wortman, sr vp; Steve Wuertz, acct exec.

Girgenti, Hughes, Butler & McDowell, New York—Riker Laboratories (various pharmaceutical prods)—Bill Butler, exec vp; Steve Girgenti, president.

Kamstra Communications, St. Paul, Minn., and Austin, Texas—Consumer specialties (encapsulated prods), electrical prods, industrial abrasives, microfinishing systems, static control systems, Tartan Tooling Prods/3M, traffic control materials—Don Finlayson, sr vp; Mark Hugunin, vp-acct super; John Warner, sr vp-acct super, Austin Tex.; Tracy Wells, Terry Puckett, acct execs.

Ken Schmidt Co. Milwaukee—Animal care prods—Steve Krog, acct mgr.

Kerker & Associates, Bloomington, Minn.—Adhesives, coatings & sealers, audio visual, automotive industry center/Detroit, automotive specialties, industrial chemical prods, converter specialties, industrial tape, packaging systems, safety & security systems, structural prods, protective chemicals—Chuck Kelley, vp-dir client svcs; Martha Sozansky, Todd Siebell, Bill Pederson, acct execs.

Kolesar & Hartwell, Minneapolis—AVI Inc., health care specialties, medical/surgical prods, occupational health & safety prods (except Thinsulate), AVI, medical/surgical and occupational health & safety prods—Kathy Van Vliet, acct super. Health care specialties—Pam Rusten, acct exec.

Mars Advertising, Southfield, Mich.—Magnetic media—Ken Barnett, exec vp; Sheila Sasser, vp; Don Kurta, sr acct exec; Karen Thomas, acct mgr.

Martin/Williams Advertising, Minneapolis—Commercial office supply, document systems, dental prods, health-care specialties (design of drug-delivery systems), home prods, commercial graphics, commercial office supply, home prods, commercial graphics—Steve Collins, vp-mgmt super; Susan King, acct super; Eric Simon, acct exec. Document systems, dental prods, health care specialties—Ronald Counton, vp-mgmt super; Earl Wilcox, acct super; Julie Bunda, Janet Jones, acct execs.

Miller Meester Advertising, Bloomington, Minn.—Broadcast & related prods, optical recording, equipment svcs & support—Dan Starkey, vp-acct super; Lewis Melamed, acct exec.

J. Patrick Moore & Co., Minneapolis—Aviation safety systems—James Moore, president & acct super; Claire Cunningham, acct exec.

Nationwide Advertising Services, Minneapolis—Recruitment advertising—Julie Valine, regional dir.

The Quest Business Agency, Houston—Tex-tool test & interconnect prods, electronic prods, micro interconnect systems, Associated Electronics/3M, electronic specialties—Alan D. Vera, president-ceo; Jim Shelby, sr vp-mktg svcs; Richard Baron, sr vp-comm dir; Lina Gallardo, sr acct exec.

Seagram & Singer, Ann Arbor, Mich.—Sarns Inc./3M—Linda Bruining, acct exec.

Trunk, Shea & McCaffrey, Clifton, N.J.—Riker Laboratories—Paul Trunk, president; Tom Shea, vp-acct super.

Domino theory: Go upmarket

Domino's Pizza, founded in 1960, concentrated on college towns and military bases before moving in earnest into suburbia and urban markets in the '80s.

Trans World Airlines

RANK
104

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,145	3,725	(15.6)
Net income	(106)	(193)	44.9
U.S.	**1986**	**1985**	**% chg**
Sales	2,064	2,115	(2.4)
Operating profits	(76)	(122)	37.5
Advertising	79	67	17.8
Division sales	**1986**	**1985**	**% chg**
U.S. routes	2,064	2,115	(2.4)
Foreign routes	1,082	1,610	(32.8)

After two years of losses, Trans World Airlines appears to be headed back toward profitability in 1987. Though it's doubtful the nation's fifth largest air carrier will hit the record profit Chairman Carl C. Icahn predicted midway through the year, TWA is still expected to finish in the black.

That achievement goes a long way toward backing up Mr. Icahn's contention that a lean management team can whip a bloated money-loser into shape by using a less-is-more management approach.

After a first-quarter loss of $54.8 million, TWA came back in 1987 with second quarter net earnings of $52.8 million and a third quarter profit of $57.1 million. For the first nine months, the carrier earned about $55 million. An expected fourth quarter loss will not likely wipe out this headstart toward profitability. The current year could be the first profitable one since 1984 when TWA posted net income of $29.8 million, the first profitable year in several years.

TWA lost a record $193 million in 1985, the year Mr. Icahn began accumulating shares in his unfriendly takeover bid. In 1986, his first year at the helm, the losses were reduced, but remained a staggering $106 million.

TWA says its improved fortunes are linked to labor cost reductions and other costs controls. Among them was the decision to drop all unprofitable routes and to add new destinations. TWA began service to Honolulu and Anchorage, in mid-1986 and significantly increased service to Florida in the fall. The latter dovetailed with the carrier's entry into the Caribbean market two years ago and is part of Mr. Icahn's effort to make TWA less subject to the cyclicality in travel. Wintertime traffic is currently the airline's least profitable period.

To help build its money-losing domestic system which has operated in the red for 15 years, the airline bought Ozark Air Lines for $250 million in 1986 and integrated it into its domestic system during the last quarter of the year. TWA's international activity traditionally has turned a profit.

The airline competes with a number of domestic carriers but sees Pan American World Airways as its main U.S. competition for transAtlantic flights. TWA claimed a 14.3% share of the market in 1986, about even with Pan Am.

Another move to improve profitability was TWA's heavier emphasis on marketing under Mr. Icahn. TWA Marketing Services Inc. began operating the 24-hour Travel Channel on cable TV this February. It offers home-shopping services, as well as entertainment and commercial time to promote discount air fares, tours and travel-related goods and services.

The airline also has been aggressive with traditional tie-ins with other companies. Last winter, General Motors Corp. provided round-trip plane tickets on TWA to its buyers of Buick Riviera models.

Young & Rubicam, which gained the account in 1986, continued to position TWA as a full-service, value-oriented airline. The agency's "Today's TWA" campaign was boosted by a healthy increase in advertising budget. Total spending was estimated at $78.8 million in 1986, up 17.8% from 1985. Measured totals were $48.8 million, up 11.2%.

Of the measured totals, national newspapers continued to claim the lion's share with $29.3 million, up 40%. Of the other major media participants, spot TV grew 25.3%, but spot radio dropped 16.3%.

Also of significance in the past year was Mr. Icahn's unsuccessful attempt to take over US Air Group. The bid ended in

March, when Mr. Icahn sold his 15% holding. He also called off his tender offer to take TWA private this October, following the stock market crash. He holds 73% of the carrier's stock.

The market crash made it financially unwise to proceed with the plan to boost his holdings to 90% as the stock dropped from $31.75 to $14 on Black Monday in the financial markets. Mr. Icahn's tender offer was for $45 a share.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	29,329	20,870
Magazines	2,027	7,537
Newsp. supps.	179	732
Bus. pubs.	1,343	685
Network TV	61	0
Spot TV	11,857	9,478
Spot radio	3,593	4,247
Outdoor	422	228
Network cable	0	125
Total measured	48,811	43,902
Unmeasured	29,971	22,998
Total	78,782	66,900

TRANS WORLD AIRLINES
605 Third Ave.
New York, N.Y. 10158-0039

Marketing Personnel

Peter T. McHugh, president, TWA mktg svcs
Tim Brier, vp, passenger mktg
Tracy T. Britton, dir-adv
Lynda Withiam, mgr-adv
Earl Quenzel, sr vp-mktg, TWA mktg svcs
MaryAnn Boyhan, mgr-tour mktg
Kathleen A. Trepper, dir-promos & rsch

Advertising Agency

Young & Rubicam, New York—Robert Donahoe, sr vp-mgmt super.

Triangle Publications

RANK **170**

Radnor, Pa.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	730	720	1.4
Net income	N/A	N/A	N/A
U.S. advertising	48	49	(0.6)

Triangle Publications concentrated its 1986 advertising on building business for the revived *Good Food* and keeping *TV Guide* and *Seventeen* on an even keel.

In promoting subscription and newsstand sales of its three magazines, Triangle's total ad spending fell 0.6% in 1986, to $48.4 million.

BAR/LNA placed the value of Triangle's 1986 measured consumer-media advertising at $35.4 million, slightly higher than the 1985 figure of $35.2 million. About 94% of that is attributable to advertising aimed at building circulation. With $2.04 million diverted into circulation advertising for *Good Food*, *TV Guide* consumer ad media totals dropped 5.2% from 1985, to $33.3 million. That represents the largest consumer ad spending among all magazines monitored by BAR/LNA.

Being the No. 1 advertiser among magazines befits *TV Guide*, the nation's largest-circulation magazine. In 1987, the weekly's total paid circulation rose 2.4% to 17,281,955—almost evenly divided between subscriptions and single-copy sales, according to Audit Bureau of Circulations' FAS-FAX report for the six months ending June 30. Circulation for No. 2 *Reader's Digest*, which had held the top slot for five years, fell 2.6%, to 16,849,551.

TV Guide's ad pages, which declined 2.8% in 1986, rose to 2,644 through the first three quarters of 1987 vs. 2,557 for the same period last year.

Of *TV Guide's* $33.3 million BAR/LNA consumer media advertising, 81.9% was channeled into TV. Publisher Eric Larson says, however, that Triangle does not actually buy most of this TV time, but receives it through trade agreements with local TV stations.

The magazine and its agency, N W Ayer, New York, produce television commercials every week. The current campaign has been executed by Mel Sharpe's Man on the Streets Productions, Berkeley, Calif. The ads feature spontaneous comments from *TV Guide* readers.

TV Guide supplements its TV spots with direct-response advertising, handled by Ellentuck & Springer, Princeton, N.J.

Mr. Larson says the magazine—with circulation nearly 1 million higher than the current 16.4 million rate base—has curtailed circulation promotion in 1987.

In 1986, Triangle spent an additional $2 million promoting *TV Guide* in advertising and retail-industry trade publications, according to Rome Reports. Like its occasional newspaper ads, the trade ads alternate between what Mr. Larson calls "image ads promoting our good writing or the fact that we care about TV" and numbers-oriented ads.

Found next to *TV Guide* at many supermarket checkout counters is the monthly *Good Food*, re-introduced in February 1986 after a 12-year hiatus. Circulation for *Good Food* doubled through Triangle's July 1986 acquisition of *Great Foods*. After shutting down the latter title and merging subscription lists, *Good Food* claimed a circulation of 946,031, according to ABC's June 30 FAS-FAX report. Group Publisher Frank Wolf says perhaps 15% of *Great Foods* subscribers were converted to *Good Food* lists. Of total circulation, 41.4%, is newsstands sales, primarily at supermarket checkout counters.

When *Good Food* was discontinued in 1974, its circulation averaged 1.3 million. Mr. Wolf says Triangle's goal is a circulation of 1.5 million.

Good Food's $2.04 million consumer ad spending was divided almost equally between network and spot TV. Ads prepared by Bozell, Jacobs, Kenyon & Eckhardt, New York, use the theme "The indispensible kitchen utensil."

Good Food is in the middle of a three-month flight of spot TV buys aimed at building single-copy sales. During September, October and November—and again during the spring—the magazine runs ads for 10 days at the end of each month in 17 major markets, according to Mr. Wolf. The campaign is put on hold when supermarket sales fall off in winter and summer months.

In September, *Good Food* hired Direct, Inc., New York, the direct-marketing arm of D'Arcy Masius Benton & Bowles, to handle circulation solicitations previously developed in-house or by outside consultants.

After racking up a disappointing 100.24 ad pages, representing $1.1 million, in 1986, *Good Food* watched first quarter 1987 ad pages increase 33.4% and ad dollars rise 35.3%. Mr. Wolf expects to end the year with approximately 180 ad pages.

Finally, Triangle spent $19,800 on consumer advertising and $388,810 in trade publications for *Seventeen* magazine. The monthly's total circulation rose 3.1%, to 1,859,840, according to ABC figures for the first six months of 1987.

Effective Jan. 1, 1988, William Dietch will replace Eric G. Larson and will hold the title of general manager, *TV Guide*. Robert G. Baumler will replace Thomas McDonough as director of advertising.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,005	1,555
Magazines	0	65
Newsp. supps.	20	18
Bus. pubs.	2,018	1,810
Network TV	3,429	1,535
Spot TV	24,954	24,389
Network radio	6,017	7,523
Spot radio	97	157
Network cable	947	1,678
Total measured	38,488	38,730
Unmeasured	9,938	10,000
Total	48,426	48,730

TRIANGLE PUBLICATIONS
4 Radnor Corp. Center
Radnor, Pa. 19088
(215) 293-8500

Marketing Personnel

Eric G. Larson, publisher, *TV Guide*
Thomas McDonough, dir-adv, *TV Guide*
Fred Jervis, promo dir, *TV Guide*
Frank G. Wolf, group publisher, *Good Food, Seventeen*
Robert S. Bunge, assoc group publisher, *Good Food, Seventeen*
Robert Young, publisher, *Good Food*
Arthur Brenner, mktg dir, *Good Food*
Carol R. Campbell, adv dir, *Good Food*
Ira S. Garey, publisher, *Seventeen*
Barbara Doljack, mktg dir, *Seventeen*
Lori Zelikow, adv dir, *Seventeen*
Michael P. Sandler, publisher, *Daily Racing Form*

Advertising Agencies

N W Ayer, New York—*TV Guide*—Howard Stoner, acct dir; George Malcomson, mgmt super; Ted Regan, exec creative dir; Jim Murphy, Howard Rieger, group creative dirs; Dave Lemkuhl, group media dir; Debbie-Lisa Brown, assoc media dir, Larry Miller, media super.

Bozell, Jacobs, Kenyon & Eckhardt, New York—*Seventeen, Good Food*—Ron Benza, sr vp-group acct dir; Gay Wasserman, sr vp-mgmt rep; Celia Visconti, acct super, *Seventeen*; Fred Morris, acct super, *Good Food*.

Tri-Star Pictures

RANK **178**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	254	259	(1.7)
Net income	14	2	771.4
U.S.	**1986**	**1985**	**% chg**
Sales	210	232	(9.3)
Operating profits	N/A	N/A	N/A
Advertising	43	25	70.8

Tri-Star Pictures, whose primary focus until 1986 was the production of motion pictures, began producing and acquiring programming for television, distributing programs for TV syndication and joined the growing trend of film production companies buying movie theaters.

Although only five years old, Tri-Star is among the elite group of studios that can finance 12 to 15 films at a cost of $15 million each, the industry average. With its financial base, the company also has been able to compete in the high-priced world of top creative talent.

In 1986, Tri-Star's line-up included five very successful releases and heavily advertised films—"Peggy Sue Got Married," "About Last Night," "Short Circuit," "Iron Eagle" and "Nothing in Common."

The company spent $25.9 million in measured advertising in 1986, up 74% over 1985. Magazine and network cable spending declined, but network TV hit $14.8 million, up 59%, and spot TV reached $10.2 million, up 122%, for films.

The company is estimated to have spent an additional $17.5 million on unmeasured advertising—promotions, special events, trade publicity, etc.

Tri-Star posted its best year ever in 1986, earning $13.8 million in net income on $254 million in revenues. That compares with net income of $1.58 million on revenues of $258.9 million in 1985. The company showed net losses in 1984 and 1983.

In addition to its feature films—which in 1987 include Bruce Willis' "Blind Date," Sylvester Stallone's sequel to the 1985 blockbuster, "Rambo: First Blood Part II," and Dudley Moore's hit "Like Father, Like Son"—Tri-Star is securing commitments from networks for programming. Tri-Star was able to enter the field of TV production and distribution in 1986 following the sale by CBS Inc. of its interest in the company.

Tri-Star bought the Loews Theaters Corp. for more than $200 million in December 1986.

Coca-Cola Co. and Tri-Star Pictures Inc. in September 1987 negotiated a merger of Coca-Cola Co's Entertainment Business Sector, which includes Columbia Pictures, and Tri-Star Pictures Inc. creating Columbia Pictures Entertainment Inc. Under the proposal subject to approval by the two companies' boards, Coca-Cola Co. will increase its ownership of Tri-Star from 30% to approximately 80%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	96	110
Network TV	14,810	9,314
Spot TV	10,194	4,611
Spot radio	87	281
Network cable	790	832
Total measured	25,976	15,148
Unmeasured	17,500	10,300
Total	43,476	25,448

TRI-STAR PICTURES INC.
711 Fifth Ave.
New York, N.Y. 10022
(212) 758-3900

Corporate Personnel

Victor Kaufman, chmn-ceo

Marketing Personnel

David Rosenfelt, exec vp-mktg

MOTION PICTURE/ TELEVISION DIVISION

Marketing Personnel

Mark Cristol, vp-adv
Shawna Reininger, sr vp-publicity & promo
Allyson Kossow, vp-publicity
David Lobel, dir-publicity
Ellen Kroner, dir-field promo & publicity

HOME VIDEO DIVISION

Marketing Personnel

Saul Melnick, president

Advertising Agencies

AC&R/DHB & BESS, New York—media placement—Larry Frieman, vp-acct exec; Ted Cossky, acct exec.

All creative handled in various local agencies as well as other media placement.

Turner Broadcasting System

RANK **195**

Atlanta

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	557	352	58.3
Net income	(187)	1	N/A
U.S. advertising	33	34	(2.6)
Division sales	**1986**	**1985**	**% chg**
Broadcasting	204	186	9.8
Cable productions	167	123	36.0
Program synd.	135	10	N/A
Professional sports	24	22	9.6
Real estate	24	8	190.1
Other	3	3	7.1

Even though Turner Broadcasting System Inc. finished 1986 with a loss of more than $185 million and was forced to sell off 35% of the company earlier this year to a group including 26 cable TV operators, its top executives insisted the company was not in trouble.

The person hurt most directly by those losses was R.E. "Ted" Turner, the flamboyant founder, chairman and president.

The 1986 results were dragged down by the dual weight of a disaster with the Turner-sponsored, Olympic-style Goodwill Games held in Moscow last summer and a huge debt left over from the acquisition of the MGM film library.

MGM/UA Entertainment, a TV-motion picture production company, was acquired in March 1986, but the game plan—to sell off all of MGM/UA except the film library

WHY BE A LITTLE FISH IN A BIG POND?

FASHION BUSINESS IS BIG BUSINESS IN TRAVERSE CITY/CADILLAC/ CHEBOYGAN.

Traverse City/Cadillac outspends Nashville, Tennessee, the 31st ranked HH ADI in the United States, for Apparel and Accessory sales-per-household. In just five years, Effective Buying Income has leaped up 78%, outpacing Michigan and the East North Central Region by a midwest mile. Total Retail Sales have jumped up 39%, again beating increases in Michigan and the East North Central Region and proving that apparel and accessory sales are always big sales in Traverse City/Cadillac/Cheboygan.

WPBN-TV/ WTOM-TV DELIVERS THE HEART OF THE TRAVERSE CITY/ CADILLAC MARKET.

We've got the facts, figures and programming to help your sales dominate the Midwest's fashionable new market.

BE A BIG FISH

BEAM COMMUNICATIONS

NBC WPBN-TV/WTOM-TV, NBC, Traverse City/ Cadillac/Cheboygan, MI
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WDAM-TV, NBC, Laurel/Hattiesburg, MS
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power
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Represented by Katz Continental Television

WPBN-TV / WTOM-TV NBC

TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN

TRAVERSE CITY, CADILLAC CHEBOYGAN, MICHIGAN

to pay for the acquisition, made by issuing preferred stock and various debt instruments—did not pan out. While TBS has succeeded in selling all but the film library, it has had to pay continuous dividend payments on the company's preferred stock still outstanding by midyear.

To pay for this, Turner sold 562.5 million shares of common stock. This diluted Mr. Turner's personal holdings to just over 50%.

If nothing else, the acquisition of MGM/UA's motion picture production companies—even if only for a short time—boosted the company's total advertising expenditures significantly. Of TBS's total $33.4 million in 1986 advertising expenditures, down 2.6% from 1985, some $16 million was spent on various MGM/UA projects. The largest ticket items included $4.1 million for promotion of the movie "Running Scared" and $3.6 million in advertising for "Poltergeist II." Advertising figures for MGM/UA in 1985 are included in Turner totals in 1985 in order to compare continuing operations from year to year. TBS advertising does not include the $9.24 million in 1986 the company spent in intra-company advertising. TBS logs as an ad expense the $2.8 million CNN advertises on WTBS, the $2.3 million CNN advertises on Headline News, the $2.5 million WTBS places on CNN, and the $1.64 million WTBS advertising on Headline News. The expenditures are book transactions.

TBS produces and places virtually all of its own advertising through its in-house agency, RET Advertising. About $600,000 in 1986 billings went through Atlanta-based Communication Trends Inc., the only outside agency the company uses.

Although, TBS won't be advertising any new movie productions in 1987 after selling off the movie production company, it does have continuing advertising expenses for home video tapes of the film library, which amounted in 1986 to $4.3 million.

The home video library is now under the control of the newly formed Turner Entertainment Co., the division of TBS responsible for the controversial "colorization" of such classic black-and-white movies as "The Maltese Falcon."

TBS reported that the Goodwill Games lost $26 million. To push the games, about $2.8 million was spent on advertising. Undaunted by the experience, the company announced this May that it will go ahead with another round of Goodwill Games in Seattle during the summer of 1990. TBS announced it had commitments to carry the 1990 games from cable systems representing 21.5 million cable households.

Despite its heavy losses, TBS continues to survive through strong cash flow from its base cable television business. WTBS, the Turner "Superstation" continues to be the No. 1 rated cable offering in claiming a 1986 A.C. Nielsen rating of 2.1, or 654,000 households nationwide for a 93% share of cable households and 45% of total TV households. WTBS generated ad revenues of $185.3 million in 1986.

CNN and CNN Headline News combined drew a rating for basic cable services of 0.9 in 1986, which represents 326,000 cable homes. Together, they generated more than $70 million in advertising revenue.

Aside from its film library and cable TV operations, TBS owns two of Atlanta's sports franchises—the Major League Baseball Atlanta Braves and the National Basketball Assn. Atlanta Hawks. Both franchises suffered losses at the gate—the Braves losing $12 million and the Hawks $1.7 million.

As minor portion of its business, Turner also produces some original programming—the occasional Jacques Cousteau specials and a continuing series profiling all 50 states hosted by Hal Holbrook. In addition, some of CNN's original programming is sold to local stations.

During 1986, TBS bought the Omni International complex in Atlanta, including a hotel, two office towers and retail space, and promptly renamed it CNN Center. It moved its Cable News Network into the facility earlier this year.

Mr. Turner has said he would like to start another cable network using the MGM film library as the base programming.

Early in October, published reports speculated that TBS might purchase the science-nature cable television Discovery Channel. Some of the cable service's current owners are among the cable operators given seats on the TBS board of directors as a result of the stock buy-in.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,455	1,805
Magazines	8,932	2,849
Newsp. supps	39	0
Bus. pubs	1,148	1,004
Network TV	5,407	14,130
Spot TV	6,752	6,238
Network radio	867	11
Outdoor	276	86
Network cable	3,378	4,130
Total measured	29,251	30,252
Unmeasured	4,100	4,000
Total	33,351	34,252

TURNER BROADCASTING SYSTEM
One CNN Center
P.O. Box 105366
Atlanta, Ga. 30348-5366
(404) 827-1700

Corporate Personnel

R.E. "Ted" Turner, chmn & president
William C. Bartholomay, vice chmn
Robert Wussler, exec vp
William C. Bevins, Jr., vp-finance & secretary
Henry L. "Hank" Aaron, vp-community relations

Marketing Personnel

Ronald J. Harris, vp-adv & promo

TURNER PROGRAMMING SERVICES

Marketing Personnel

Russ Berry, president
Ken Christensen, vp-adv
John Walden, vp-sales & mktg

TURNER CABLE NETWORK SALES

Marketing Personnel

Terrence F. McGuirk, president
Robert Thalman, dir-mktg

TURNER BROADCASTING SALES

Marketing Personnel

Farrell Reynolds, president
Dave Williams, vp-mktg

TURNER ENTERTAINMENT CO.

Marketing Personnel

Roger L. Mayer, president

ATLANTA NATL LEAGUE BASEBALL CLUB

Marketing Personnel

Stanley H. Kasten, president
Wayne Long, dir-mktg

ATLANTA HAWKS LTD.

Marketing Personnel

Stanley H. Kasten, president & genl mgr
Lee Douglas, vp & dir-mktg

Advertising Agency

(In-house) RET Advertising.

RANK

Tyson Foods

171

Springdale, Ark.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,504	1,136	32.4
Net income	50	35	44.4
U.S. advertising	48	20	137.9

As nutrition-minded Americans opt for more chicken, Tyson Foods is making sure its product has high visibility. It more than doubled its total advertising budget from 1985 to 1986 while experiencing substantial growth in sales and income.

Tyson also is making sure there's a chicken in every pot—or microwave—by increasing its product offerings. Company production potential also was expanded in 1986 through acquisition of two other poultry-related operations.

Tyson is the world's largest fully integrated producer, processor and marketer of poultry-based food products as well as a dominant force in the further-processing of poultry products for both retail and foodservice markets. Further-processing involves deboning, marinating, seasoning and pre-cooking to enhance value. Tyson processes approximately 13 million chickens each week and over 2 billion pounds per year. Tyson has an estimated 15% market share in the frozen poultry category, second to ConAgra's Banquet brand, which leads the $1.05 billion category with a 25% share.

Total measured ad spending in 1986 increased 104% to $23.1 million, and overall advertising rose 138% to $48.3 million. According to BAR/LNA, network TV expenditures in 1986 were almost 2.5 times greater than 1985. Tyson frozen entrees commanded $11 million worth of network time in 1986 compared with no network buys in 1985. Tyson's frozen entrees are upscale prepared meals—such as Chicken Oriental and Chicken Jambalaya—that can be prepared in either conventional or microwave ovens.

This line of premium dinners was increased from six to 12 during 1986, with the original six going into national distribution. British actor Robert Morely, of Christian Broadcasting Network "Celebrity Chef" fame, was tapped as the spokesman for the entrees' network TV and print media campaign, "Your passport to great taste."

New products include Chicken Originals, which hit national store shelves in July 1987. This eight-item line of entrees offers uncooked, prepared frozen chicken—a new concept in the poultry market.

Other products currently in test markets include Tyson Flyers, a five-item line of fully cooked chicken wings similar to the popular "buffalo wings" served in restaurants, and Oven-Roasted Classics, a fully cooked oven-roasted chicken that can be served hot or cold.

Tyson acquisitions in 1986 that helped fuel the company's increased production and sales included Lane Processing Inc., the seventh-largest poultry processor in the country prior to the acquisition.

In the foodservice category, Tyson bills itself as the world's largest supplier of further-processed poultry products with a line that includes 300-plus items.

Current advertising strategies for the company are in limbo after Tyson severed its 10-year ties with Noble & Associates of Springfield, Mo. Tyson said it had outgrown the agency and that there were "ongoing problems involving differences in creative approaches." Noble will continue to handle the estimated $5 million foodservice account.

Tyson's final Noble-run consumer campaign is the $12 million Chicken Originals undertaking, which the Missouri agency will continue until year-end.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	126	0
Magazines	1,581	158
Bus. pubs	3,528	2,142
Network TV	16,690	6,796
Spot TV	668	2,190
Network radio	16	0
Spot radio	454	0
Network cable	1	2
Total measured	23,065	11,288
Unmeasured	25,200	9,000
Total	48,265	20,288

TYSON FOODS
2210 W. Oaklawn Drive
Springdale, Ark. 72764
(501) 756-4000

Marketing Personnel

Donald "Buddy" Wray, sr vp-sales & mktg
Dick Stockland, group vp-retail sales & mktg
Bob Sanks, vp-retail mktg

Advertising Agencies

Noble & Associates, Springfield, Mo.—Jon Baker, president.

Saatchi & Saatchi DFS Compton, New York—Gary Susenjara, chmn; Ed Wax, president; Eric Weber, exec creative dir; Craig Miller, Terry Gallo, creative dirs.

RANK

United Biscuits Holdings PLC

115

London

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,837	2,799	1.3
Shareholder profit	121	104	16.3
U.S.	**1986**	**1985**	**% chg**
Sales	1,147	1,077	6.5
Trading profit	65	53	23.4
Advertising	69	62	11.0

United Biscuits Holdings PLC, the U.K.-based conglomerate that is the largest cookie and cracker producer and marketer outside the U.S., is expanding that business line in the U.S. with new entries at subsidiary Keebler Co., including a foray into frozen baked goods.

Total measured media for 1986, was $69.3 million, up 11.1% from 1985. About half the total was unmeasured advertising for both years.

UB Foods US, created in October 1986 and encompassing Keebler Co. and Specialty Brands, had sales of $1.15 billion, up 6.5%. Trading profit grew 23%, to $65.4 million.

However, the U.S. operations were the culprit in UB's overall poor sales performance. In pounds, U.S. sales translated into a loss of 10% to £681.5 million from £757.5 million. The dollar equivalents are based on exchange rates of £1=$1.68 in 1986 and £1=$1.42 in 1985. The two exchange rates, which were used to translate pounds to dollars in the accompanying chart, represent an appreciation of 18% for the pound against the dollar.

Of the UB Foods US total, Keebler, the second biggest U.S. cookie and cracker producer, represented 90.9% of sales and 75% of trading profit. Keebler's share of the U.S. biscuit market rose slightly to 16% from 15% in 1985.

Through July 1987 Keebler Co. reported a trading profit of $29 million, up 20% over the corresponding period in 1986. By concentrating its marketing efforts on its key brands, Keebler's growth rate for traditional cookies was nearly three times the market's 4% growth rate. Keebler introduced a national rollout of E.L. Fudge Sandwich Cookies.

Keebler Co. continues to claim the biggest portion of UB's U.S. advertising expenditures—85.2% of the U.S. measured ad total in 1986, down from 87.6% in 1985, according to BAR/LNA.

In salty snacks, Tato Skins continues to demonstrate satisfactory growth and Cheez 'n Chips, a light texture corn chip, is being introduced.

Specialty Brands had an increase in sales of 60% and trading profit of $16.8 million, up 71% from 1985. These increases were virtually all attributable to the acquisition of the Olive division of Early California Industries during the fourth quarter of 1985. While Spice Islands had an 8% decline in sales, the introduction of a line of twelve new seasonings in the second half of 1987 will improve volume.

In 1986 Shaffer, Clarke & Co., food importers and marketers, rose 14% to $34.7 million in sales, and trading profit fell 9.7% to $2.8 million in 1986. At the end of 1986 Shaffer, Clarke & Co. acquired Trebor Confections, Inc.

Shaffer, Clarke, based in Old Greenwich Conn., is the U.S. importer and distributor of UB Biscuits products from Britain, Wasa Ideal and Finn crisp breads from Scandinavia; Apolinaris mineral water from Germany; KA-ME (ka-may) oriental foods; a line of frozen game meat, and confectionery products from Holland, Britain and Switzerland; Carr's Crackers and Roses Marmalade, orange and lime from England; Bonne Maman jams & preserves from France.

Marking its initial entry into the frozen foods arena, Keebler's broker sales network is launching Elfin Loaves, a line of four individual-serve homestyle frozen bread snacks. National rollout for frozen baked goods will be complete by the end of 1987, the company claims.

Keebler's biggest brand expenditure for 1986 was $9 million for Keebler Cookies, mostly in network TV. Keebler Town House Crackers rose from $1.9 million in 1985 to $4.5 million in 1986, again largely on network TV. Measured ad support for Specialty Brands remained the same as 1985, $2.1 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4	0
Magazines	5,033	3,389
Bus. pubs	397	0
Network TV	22,204	19,822
Spot TV	1,681	3,216
Outdoor	18	0
Network cable	1	0
Total measured	29,338	26,427
Unmeasured	39,967	36,000
Total	69,305	62,427

UNITED BISCUITS (UK) LTD.
P.O. Box 40 Syon Lane
Isleworth, Middlesex TW7 5NN
London
011-44-01-560-3131

KEEBLER CO.
Elmhurst, Ill. 60126
(312) 833-2900

Marketing Personnel

William T. Hanna, sr vp-mktg
Charles L. Shemely, sr vp-dir, warehouse businesses, new prod devel
Roy E. Koeckrits, dir-merch
Robert Dillon, group dir-new prods mktg & mkt rsch
Darrel Splithoff, sr vp-retail sales

Advertising Agency

Leo Burnett USA, Chicago—Keebler cookies, crackers, salty snacks, brokered prods, Elfin Loaves—Joe McGowan, vp-acct dir; Jim McNitt, super, salty snacks, brokered consumer prods, nonbiscuit new prods; Bill Buchanan, super, biscuit prods.

SHAFFER, CLARKE & CO.
Old Greenwich, Conn.

Marketing Personnel

G. Korper, president
Peter Martorano, natl sales mgr
Roy Peterson, mktg mgr

Advertising Agency

(In-house).

SPECIALTY BRANDS
San Francisco

Marketing Personnel

Richard L. Marcantonio, president-ceo
Meade Ames-Klein, vp-mktg
Ed Parker, vp-operations
Mike Pommer, mgr-mktg, Marie Brand
Connie Linehan, mktg mgr-Spice Island brand
Teresa Cooper, mktg mgr-Early Calif. Foods brand

Advertising Agency

Geers Gross Advertising, New York—Chris Ebner, group acct dir.

RANK

US West

166

Englewood, Colo.

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,308	7,813	6.3
Net income	924	926	(0.2)
U.S. advertising	50	52	(4.4)
Division sales	**1986**	**1985**	**% chg**
Local service	3,259	3,059	6.5
Intrastate	1,108	1,005	10.2
Access charges	2,595	2,590	0.2
Other	1,613	1,591	1.4

The 1986 purchase of the 54-story Mountain Bell Center, believed to be the biggest real estate building transaction in the Rocky Mountain area, may be a fitting symbol of US West's vow to stand head and shoulders above other telecommunications marketers.

But the company pledge to be "pro-competitive" may be an uphill struggle as the 1986 revenues increased only a modest 6.3% over the previous year while profits of $924 million were the lowest of any of the seven regional Bell operating companies. Total advertising spending dipped 4.4% to $50 million.

"A sluggish economy in our region and increasing competition in all our markets reminded us that there's no such thing as business as usual," noted the company's letter to its shareholders. Net income was reduced by a one-time $52 million charge because of a "major restructuring" of US West Information Systems, the business communications equipment unit which received $3.1 million in measured spending in 1986, compared to $449,000 in 1985.

While the company decided to cut its losses in Information System's efforts and regrouped to concentrate on its original 14-state territory, US West Cellular purchased a cellular system in San Diego (outside its turf) and its Landmark Publications moved into new areas and acquired 11 companies in its continuing quest for new directory business. It now publishes more than 850 telephone directories in 45 states. US West Direct, which published 300 of those directories, received $3.3 million in measured media spending in 1986—second only to ad spending for Mountain Bell Telephone Co., the locomotive that pulls the US West revenue train.

All three of US West's telephone companies, Mountain Bell, Northwestern Bell and Pacific Northwest Bell, are testing Integrated Services Digital Network, a new technology that lets customers send voice, data, facsimile and video simultaneously over the same line.

In media usage, spot TV and outdoor spending almost doubled in 1986, while newspaper and magazine advertising declined from the previous year.

US West selected Tracy-Locke, Dallas, in mid-October 1987 to be the first agency of record for its long-distance business, which commands an ad budget of about $7 million. The company's operating companies have their own agencies.

US West's Northwestern Bell information technologies division, Minneapolis, a transmitter of electronic data to businesses, moved its estimated $1 million business-to-business advertising account to Bozell, Jacobs, Kenyon & Eckhardt, from Cole & McVoy Advertising, Bloomington, Minn., in early 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,144	5,722
Magazines	2,475	3,634
Bus. pubs	539	48
Network TV	555	0

($ in thousands)	1986	1985
Spot TV	13,613	12,205
Network radio	17	0
Spot radio	6,149	5,406
Outdoor	427	331
Network cable	6	0
Total measured	26,925	27,346
Unmeasured	23,108	25,000
Total	50,032	52,346

US WEST
7800 East Orchard
Englewood, Colo. 80111
(303) 793-6500
Corporate Personnel
Jack A. MacAllister, president-ceo
Richard D. McCormick, exec vp
John C. Willemssen, vp-strategic planning
Judi Servoss, vp-pr
Sharon Vercimak, dir-adv & events mktg
Advertising Agency
Fallon McElligott, Minneapolis—Fred Senn, mgmt super; Mary Weber, acct super; Kathy Spraitz, acct exec; David Leslie, asst acct exec.

FIRST TELEPHONE COMMUNICATIONS
Englewood, Colo.
Marketing Personnel
James Harrison, vp-mgmt
Steve Lang, dir comm
Mickey Clark, adv mgr

MOUNTAIN BELL
Denver, Colo.
Corporate Personnel
Gary Ames, president
Marketing Personnel
Robert C. Hawk, vp-mktg
Linn A. Wallace, vp-pr & public affairs
S.C. Kanewske, adv mgr
Advertising Agency
Tracy-Locke, Denver—John McLagan, exec vp-dir client svcs; John Putney, vp-mgmt super; Jan Wondera, Megan Miller, acct execs.

NORTHWESTERN BELL
Omaha, Neb.
Corporate Personnel
Sharon Carr, president-ceo
Marketing Personnel
Janice D. Stoney, adv mgr
Advertising Agency
Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Dennis Sullivan, mgmt super; Ray Hathaway, acct exec; Sue Perkins, acct controller.

PACIFIC NORTHWEST BELL
Seattle, Wash.
Corporate Personnel
Andrew V. Smith, president
Marketing Personnel
Mike Breda, mgr-adv
Stan Thompson, mgr-adv
Dennis Stamaris, mgr-adv
Diana Couture, mgr-adv
Jim Moznette, dir-pr
Advertising Agency
Saatchi & Saatchi DFS, San Francisco—Brian Burns, mgmt super; Charles Skuba, acct super; Tom Shymanski, Carol Valentine, acct execs.

RANK
Van Munching 176
New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	454	414	9.7
Net income	N/A	N/A	N/A
U.S. advertising	45	93	(52.0)

Van Munching & Co. held tight to its position as the nation's top beer importer in 1986, but not without a major fight. Foreign exchange losses influenced a dollar drain of more than 50% from the company's advertising budgets. And increased competition, particularly from Corona, the trendy Mexican lager, threatened to topple Heineken, VM's flagship brand, from its long-standing position as the top imported beer in the U.S.

Despite the pressure, VM manage to increase total beer sales about 11% to 39.6 million cases in 1986 over 1985, according to *Market Watch*, a beer, wine and liquor industry trade publication. VM's combined sales represented 1.6% of the total domestic and imported beer market and 33% of the imported beer market.

What didn't grow was advertising spending, which dropped from $93 million in 1985 to an estimated $44.6 million last year, according to AD AGE. Of that total, measured spending accounted for $27 million in 1986, down from $56.4 million in 1985.

Corporate spokesman Philip Van Munching blamed reductions "of at least 30%" on weakening of the U.S. dollar in international markets—a trend that continues to influence ad spending this year.

Heineken, which has been the nation's top beer import for more than 10 years, held onto its position and boosted sales to 35.7 million cases from 34.5 million cases in 1985, according to *Market Watch*. But the increase was one of the smallest in recent history and reduced Heineken's share of the imported beer market to 29% from 31.7%. The No. 2 brand, Corona Extra, imported by Barton Brands, Chicago, multiplied sales eightfold to 26 million cases. It was distributed in only 35 states.

"There's no doubt about it. Corona is hot," Mr. Van Munching says, "and the fact that we had to increase the Heineken case price by $1.25 to account for the exchange rates was no help."

VM decreased network TV spending from $6.5 million in 1985 to only $1.5 million in 1986 and reduced spot TV spending $6.5 million to only $2.5 million. Magazine spending fell from $7.8 million to $3.9 million.

Amstel Light, VM's second largest brand, also posted sales gains—to 3.3 million cases from 2.4 million cases—but saw new competition. Once the only imported light beer, Amstel Light was joined in the category by Canadian import Molson Light, and German import, Dry Beck's Light.

Advertising support for Amstel Light virtually dried up in 1986. VM pulled the brand completely out of network TV, where it had spent over $2 million in 1985, and spent only $142,000 on spot TV in 1986. Magazine spending dropped from about $1.8 million in 1985 to $116,000 in 1986.

Grizzly Canadian Lager, VM's only Canadian import, was the company's biggest problem. Its sales were flat at 600,000 cases, according to *Market Watch*.

Though Lintas: New York (formerly SSC&B) handles all three brands, VM reportedly is reviewing its beer accounts and is expected to hear presentations from several shops. Sources say VM ordered new creative for Heineken last spring, but no new Lintas ads have been used.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	0	375
Magazines	3,880	7,842
Newsp. supps.	221	338
Bus. pubs.	161	160
Network TV	1,538	6,503
Spot TV	2,504	9,166
Network radio	145	284
Spot radio	18,670	31,724
Total measured	27,119	56,392
Unmeasured	17,631	36,900
Total	44,750	93,292

VAN MUNCHING & CO.
1270 Avenue of the Americas
New York, N.Y. 10020
(212) 265-2685
Corporate Personnel
Leo Van Munching Jr., president
Marketing Personnel
John McAna, vp-natl sales mgr
Alvin Nilson, adv mgr
Philip Van Munching, corp comm
Advertising Agency
Lintas: New York—Heineken, Amstel Light, Grizzly Canadian Lager—John Grogan, exec vp-acct mgr; John van der Kieft, vp-mgmt super; Steve Amos, acct super, Heineken; Brian McCabe, acct exec, Heineken; Tim Franklin, acct super, Amstel, Grizzly; Craig Martin, acct exec, Amstel, Grizzly.

RANK
VF Corp. 133
Wyomissing, Pa.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,545	1,481	4.3
Net income	129	139	(7.2)
U.S. advertising	62	60	4.5

Division sales	1986	1985	% chg
Jeanswear	906	942	(3.8)
Sportswear	309	248	24.4
Intimate apparel	261	240	8.8
Other	68	51	34.2

VF Corp., which has diversified through acquisition since 1984—including the $762 million buyout of Greensboro, N.C-based Blue Bell in 1986—recorded its first profit decline in nine years last year, but is on the rebound in 1987.

For the first six months of 1987, earnings have climbed 35.5% from the 1986 period that suffered from a weak performance by its Lee division, a downturn in the jeans' market, costs associated both with the Blue Bell purchase and the closure of Troutman Co., a small maker of casual slacks and shorts.

Strength this year is coming from Wrangler, which is at the forefront of the stone-washed denim trend, and Lee, which has dropped two poorly selling lines and hired agency, Fallon McElligott, Minneapolis, to give its marketing sharper focus.

Last spring, the company broke a $20 million jeans promotion that included a print and TV campaign for Lee Relaxed Rider jeans, shifting emphasis and addressing slightly older customers—women 18-35 years old instead of those 12-24. More sophisticated and understated than past campaigns, the new approach focused on how jeans fit. The campaign also included advertising for men's jeans and Lee's first TV spots for children's jeans.

Another success at VF in 1987 has been Marithe & Francois Girbaud, a division that produces street-styled clothes. VF picked up the brand through Blue Bell. It has succeeded in standing out from the pack with two hot products—torn and destroyed jeans. Retailing for between $52 and $62, torn jeans are simply jeans with holes in them, while destroyed jeans are faded and frayed.

In support of American-made products, VF Corp. began advertising, via BBDO, a new line of Pepsi Apparel America casual clothing carrying the "America" tag to convey that the clothes are American-made. Coca-Cola apparel is made abroad.

VF also is expanding its factory outlets into western states, where it still is a relatively new concept. There are VF outlets in malls in Mesa, Ariz., Draper, Utah, and Tucson, Ariz. Most outlets offer prices 35% to 50% below retail. Other VF mall locations are on the Eastern seaboard.

During the early 1980s jeans accounted for 80% of sales. Diversification has left VF less vulnerable to trends. With Bassett-Walker and Blue Bell non-jeans' lines, jeans now are just 60% of sales.

VF also makes Vanity Fair women's apparel and Bassett-Walker jogging suits and sweatshirts. The company owns H.D. Lee, which makes the nation's third most popular brand of jeans.

The Blue Bell deal provided VF entry into the swimwear and sportswear market through Jantzen and Jansport; and into industrial laundry and occupational apparel products through Red Kap. VF now has four national brands of jeans—its Lee line, Wrangler, Rustler and Sedgefield brands—and about a 25% share of the national blue jeans market, virtually the same as Levi Strauss & Co.

Prior to the Blue Bell purchase, its share was 15%. The purchase also gives VF strength throughout the U.S. Wrangler is strongest in the West. Lee's strength is in the Midwest, Northeast and Southeast. The company expects to increase the combined Lee/Wrangler market share in jeans to 30% in five years.

In building market share in what is regarded as a mature jeans market, VF aimed Lee jeans ads at the overlooked women and children segment and helped move Lee from less 3% of the market in 1981 to more than 13% of the market today.

VF advertising is trying to give the same sort of push to Wrangler jeans. Wranglers have about a 10% share of the jeans market.

U.S advertising expenditures for all VF lines, estimated at $62 million in 1986, were up 9.6% over 1985. Totals include an estimated $6 million in Blue Bell spending.

The Lee jeans brand accounted for some $13 million in measured media spending in 1986, up 23% over a year earlier with most of that in spot TV and magazines. Wrangler jeans also got a needed boost, receiving $4.5 million, up from $457,000 in 1985, according to BAR/LNA. Wrangler sportswear got the lion's share, a substantial $5.8 million.

Lee sportswear, as tracked by BAR/LNA in 1986, recorded a measured outlay of $1.4 million, down from the $5.1 million spent on the brand in 1985. Spot and network TV and magazines represented the principal media used in Lee brand advertising.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	800	255
Magazines	8,124	6,131
Newsp. supps.	518	312
Network TV	5,982	7,993
Spot TV	5,992	5,244
Network radio	2,329	1,637
Spot radio	0	9
Outdoor	634	583
Network cable	1,530	2,089
Total measured	25,909	24,253
Unmeasured	36,300	35,300
Total	62,209	59,553

VF CORP.
1047 North Park Road
Wyomissing, Pa. 19610
(215) 378-1151
Corporate Personnel
Lawrence R. Pugh, chmn & ceo
Robert E. Gregory, president-coo
JEANSWEAR GROUP
LEE APPAREL
Merriam, Kansas
Marketing Personnel
David Lowe, vp-adv
WRANGLER
Greensboro, N.C.
Marketing Personnel
L. Steven Leonard, vp-adv & promo
Bill Green, dir, business devel
GIRBAUD

REBATE
FULFILLMENT
SERVICES?
C & C Information Systems
54 Willow Park Center
Farmingdale, New York 11735
516 - 752-0881
• FAST QUOTES •
• COMPETITIVE FEES •

BE A BIG FISH.

If you're not advertising on Beam Communications' TV stations, you're missing a big share of several rich new markets.

It's simple: there are little fish. And there are big fish. Which would you rather be?

BE A BIG FISH
BEAM COMMUNICATIONS
WDAM-TV, NBC, Laurel-Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ-El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City - Cadillac - Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL
Represented by Katz Continental Television
© 1987 Beam Communications

Greensboro, N.C.

Marketing Personnel

Joni Fiori, adv & pr dir, in-house agency

Advertising Agencies

Fallon McElligott, Minneapolis—Lee Apparel—Steve Sjobold, acct exec.

Saatchi & Saatchi DFS Compton, New York—Wrangler brands—Susana McDermott, acct exec.

SPORTSWEAR GROUP

Bassett-Walker

Martinsville, Va.

Marketing Personnel

Cecil Robbins, adv dir

JANTZEN

Portland, Ore.

Marketing Personnel

Roger Yost, adv & promo dir, menswear

Bob Wirtz, adv & promo dir, womenswear

JANSPORT

Appleton, Wis.

Marketing Personnel

Skip Yowell, adv dir

Rhonda S. Lewis, asst promo & adv dir

PEPSI APPAREL AMERICA

Merriam, Kansas

Marketing Personnel

Barbara Wells, vp-mktg

Advertising Agencies

Babb-Perry, Charlotte, N.C.—Bassett-Walker—Joe Babb, acct exec.

BBDO, New York—Pepsi Apparel America—Richard Flaskegaard, acct exec.

Elgin Syfert, Seattle, Wash.—Jansport—Skip Yowell, adv & promo dir.

INTIMATE APPAREL GROUP

VANITY FAIR

New York

Marketing Personnel

Carole Stewart, adv super

MODERN GLOBE/LOLLIPOP

North Wilksboro, N.C.

Marketing Personnel

Tom Gorman, vp-mktg.

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—Vanity Fair—Gay Wasserman, acct exec.

Price/McNabb, Asheville, N.C.—Modern Globe/Lollipop—Buzz Gikens, acct exec.

OCCUPATIONAL APPAREL GROUP

RED KAP

Nashville, Tenn.

Marketing Personnel

Barbara King, mktg comm dir

Advertising Agency

Bill Hudson & Assoc., Nashville, Tenn.—Susan Andress, Tom Mays, acct execs.

RANK

Visa International 192

San Francisco

($ in millions)

Worldwide	1986	1985	% chg
Volume	129,800	110,596	17.4
Net income	N/A	N/A	N/A
U.S. advertising	35	42	(14.9)

In a major push for a share of the business travel and entertainment dollar, Visa, generally used for retail purposes, is butting heads with American Express and going after the competition through sponsorship of the Winter and Summer Olympics in 1988.

Visa USA's head-knocking aggressiveness has shown results: In the first half of 1987 ended June 30, Visa's total U.S. dollar charge volume was $43.66 billion, up 12.6% from the first half of 1986. Its worldwide total in the first quarter (worldwide figures lag by a quarter domestic results) of $35 billion, was up 18.5% from the same period in 1986.

Visa laid out $14.5 million to be the sole financial services sponsor of both 1988 Olympic games and is planning [illegible] million for Olympics-oriented media buys, marketing and promotion. As an encore, Visa, which sees the Olympics as providing a rallying point for its diffuse membership of 19,000 banks, continued the momentum by snapping up sponsorship of the U.S. ski team.

Visa is putting the Olympics logo on credit cards and will use it on T-shirts, tote bags and other items for new card applicants.

Visa's ad campaign by agency BBDO, New York, with the theme "Visa, it's everywhere you want it to be," hit travel and entertainment leader American Express head-on. In a Cleo-winning commercial, couples dine at Rosalie's, a quaint Italian restaurant in Marblehead, Mass., where course after course of food is served. The clincher: "But if you go there, remember, bring a big appetite and bring your Visa card, because at Rosalie's they don't take no for an answer and they don't take American Express."

In one print ad, Visa's "they don't take American Express" campaign for travel checks went too far for American Express' taste. Visa said its name was on four times as many shops as American Express, but later backed down and eliminated the reference to American Express. In a second ad, Visa backed off wording that was perceived to indicate American Express cards would not be accepted in Calgary. Only Visa will be accepted at the games, but other cards will be accepted as usual in other parts of the city.

In a major breakthrough, Visa and MasterCard were successful in breaking into a market estimated at $6 billion by convincing 16 major department store chains such as Bloomingdales to accept their cards.

Visa continues to dominate the U.S. credit card business. As of June 30, 1987, out of 215.15 million cards outstanding, up 14.1% from year-end 1986, Visa held a 47.9% share, MasterCard 34.8%, American Express 8.5%, Discover 7.4% and Citicorp (Diners Club) 1.4%.

Visa has had only minor erosion in its market share in card purchase volume. Out of $212.17 billion in charges in the U.S., as of June 30, 1987, Visa held a leading 42.1% share, MasterCard 28.4%, AmEx 25.9%, Diners Club 1.6%, Discover 1.9%.

Worldwide, Visa held nearly half of the cardholders and 44% of the dollar volume in the payments card business at the end of 1986. In traveler's checks, Visa is second with a 19% share, compared with AmEx's 60%. MasterCard is a distant third with 5%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	9,229	5,581
Bus. pubs	786	347
Network TV	12,422	16,449
Spot TV	2,342	1,476
Network radio	0	2,466
Spot radio	4	3,047
Outdoor	6	185
Network cable	535	217
Total measured	25,322	29,768
Unmeasured	10,123	11,900
Total	35,445	41,668

VISA USA

P.O. Box 8999

San Francisco, Calif. 94126

(415) 570-3200

Marketing Personnel

John H. Bennett, sr vp-mktg

Vince La Paglia, vp-paper prods

Jan Soderstrom, vp-adv

David Roberts, mgr-adv

Advertising Agency

BBDO, New York-all prods-Gary DePaolo, vr-sr mgmt dir; Richard Kronengold, acct super; Kevin Roddy, acct exec; Mike Hedge, assoc media dir; Charles Meismer, sr creative dir; Art Millor, creative dir.

RANK

Volvo AB 185

Goteborg, Sweden

($ in millions)

Worldwide	1986	1985	% chg
Sales	12,240	12,119	1.0
Net income	577	630	(8.4)
U.S.	**1986**	**1985**	**% chg**
Sales	3,019	3,200	(5.7)
Operating profits	N/A	N/A	N/A
Advertising	41	49	(16.0)

Volvo North America Corp., the Rockleigh, N.J.-based subsidiary of Sweden's AB Volvo, looks toward the spring 1988 entry of its lower-priced Volvo 480 to continue to build sales in the U.S. By August 1987 sales had dropped 5% compared with the same period in the previous year.

Volvo reported sales of 111,100 cars in the U.S. and 7,500 in Canada in 1986. Total unit sales in North America were up 7.5% from 1985 and represented 28% of Volvo worldwide car sales of 419,500 units.

In the last 10 years, Volvo has more than doubled its share of the U.S. car market, which stood at 1% in 1986.

Volvo is the No. 1 European exporter to the U.S. in the "upscale family-car segment" and is the No. 2 European exporter to the U.S. overall, second only to Volkswagen AG.

Volvo attributes the sales slump so far in 1987 to heavy market competition and problems with supply. The company still expects to finish the year with 110,000-112,000 sales, with the model mix remaining about the same as last year—50% for the 740 model, 38% for the 240, 10% for the 760 and 2% for the 780 coupe.

Volvo predicts it will sell 200,000 units annually in the U.S. by 1995. A great deal of that extra volume will come from the turbocharged, front-wheel-drive 480 ES coupe, built by Volvo Car BV in the Netherlands. U.S. introduction of the 480 has been delayed, mainly because Volvo hasn't been able to produce enough cars to satisfy demand in Europe. Industry observers in Europe add that the weakness of the U.S. dollar has been another cause of the delay.

The 480 should account for 15,000-20,000 unit sales in its first full year beginning next spring. Volvo eventually expects to sell about 50% of the plant's capacity—20,000-25,000 units—annually in the U.S. The 480's price range is $11,000-$15,000.

At the other end of the price spectrum is the Bertone-styled, $38,000 Volvo 780 coupe, which hit dealer showrooms last summer.

Although Volvo officials are close-mouthed about ad budgets, one spokesperson says ad spending for 1988 will be split 40% print, 40% broadcast, 20% other (including outdoor, promotions and other tie-ins). Broadcast will consist mainly of dealer cooperative advertising.

Magazines will continue to get the lion's share of print spending. Print ads by Scali, McCabe, Sloves, New York, Volvo's agency for 20 years, will bear the tagline, "Volvo. A car you can believe in.".

Volvo also will spend roughly $3 million this year on its long-running tennis sponsorship. About half of that will go to professional events—for media advertising, promotion and prize money. The rest will be split between Volvo's collegiate and recreational tennis programs. Volvo also will sponsor the first World Equestrian Games in Stockholm in 1990.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,768	8,970
Magazines	11,624	11,099
Newsp. supps	395	596
Bus. pubs	1,025	931
Network TV	3,987	436
Spot TV	4,937	7,714
Spot radio	378	3,969
Outdoor	1	20
Network cable	637	478
Total measured	28,753	34,213
Unmeasured	12,606	15,000
Total	41,359	49,213

VOLVO NORTH AMERICA CORP.

1 Volvo Drive

Rockleigh, N.J. 07647

(201) 768-7300

Corporate Personnel

Bjorn Ahlstrom, president-ceo

VOLVO CARS

NORTH AMERICA

Marketing Personnel

William J. Hoover, sr vp-mktg

Milt Gravatt, mgr-mktg svcs

Gerald Dudzik, natl adv mgr

VOLVO AUTOMATED SYSTEMS

Marketing Personnel

Ralph Daulton, vp-genl mgr

VOLVO GM HEAVY TRUCK CORP.

Marketing Personnel

Larry Oliphant, vp-sales & mktg

VOLVO-PENTA OF AMERICA

Marketing Personnel

Alan Revington, president

Advertising Agency

Scali, McCabe, Sloves, New York—John Slaven, sr vp-mgmt super; Gloria Wood, Doug Pease, Dean Beals, acct supers; John Fiscella, acct exec; Tom Stacey, acct super, eastern region; Peter Gottfried, acct super, western region.

RANK

Hiram Walker-Gooderham & Worts 197

Toronto

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	3,403	N/A
Net income	N/A	538	N/A
U.S.	**1986**	**1985**	**% chg**
Sales	N/A	1,174	N/A
Operating profits	N/A	93	N/A
Advertising	33	41	(21.1)
Division sales	**1986**	**1985**	**% chg**
Distilled spirits	N/A	1,516	N/A
Natural resources	N/A	482	N/A
Gas utilities	N/A	1,767	N/A

After an attempted takeover and subsequent court battle, Hiram Walker-Gooderham & Worts found itself under new leadership last October, split from the holding company, Hiram Walker Resources, whose oil and gas holdings had made it a target for raiders.

Allied-Lyons PLC, London, owns 51% of Hiram with a two-year option to purchase the 49% held by Gulf Canada Corp., Toronto, which took over the gas and oil divisions of Hiram Walker Resources. Gulf Canada itself is 75.6% owned by Olympia & York Developments, Toronto, a real estate company.

Hiram Walker has benefitted from its new relationship with Allied-Lyons. Detroit-based Hiram Walker Inc., the U.S. sales company, picked up U.S. marketing rights to Lyons brands formerly under Heublein. Walker officials expect to market more Lyons brands in the U.S.

Walker also acquired Brooklyn-based Joseph Victori Wines Co. in June 1987. Victori brands include Calvin Cooler and Paradise Springs Seltzer. This purchase marks Walker's entry into the lucrative cooler market, growing with the national movement toward lighter, sweeter drinks. The nation's sixth-ranked cooler, Calvin had 1986 sales of 5.7 million cases or about $116 million, according to *Market Watch*, a monthly publication on wine and liquor published by M. Shanken Communications Inc.

The company has begun a search for an ad agency for the brand, says Tim Dorr, marketing director for Calvin Cooler. Warwick Advertising, which formerly had the account, resigned it recently.

Accounts for other Walker brands are also up in the air. McCaffrey & McCall, New York, recently resigned Canadian Club, Haagen-Dazs Cream Liqueur and the company's line of cordials and schnapps, estimated at $8-$12 million in business. M&M left after merging with its sister firm, Rumrill Hoyt, New York, in the Saatchi & Saatchi network. Rumrill Hoyt handles Bacardi Imports, Miami.

Canadian Club, Walker's flagship brand, ranked 12th among Canadian whiskies nationwide, with 2.5 million case depletions in 1986. Although this represented an 8% drop, the brand held onto its 13% share of the category, according to Frank Walters, director of research for *Impact*, a wine and spirits newsletter. Mr. Walker also provided the market information for this article. Measured advertising for the brand fell about 23% in 1986, to just under $6.3 million, according to BAR/LNA.

Although measured advertising for Kahlua liqueur, Walker's second biggest brand, fell 6% to slightly more than $6.9 million, sales were static at 1.7 million case depletions. Kahlua draws 9% of sales in the liqueur category.

Hiram Walker cordials, third-ranked on the company's product list, performed better, increasing sales 3% to 1.65 million case depletions. Walker spent 19% less, or about $1 million, on advertising for the brands, according to BAR/LNA. The cordials have an 8% share of category.

Courvoisier cognac maintained its 7% share of category despite a 4% drop in sales and 17.5% cut in promotional spending to about $6.5 million in 1986. A new print and outdoor campaign began in October.

Now a private company, Hiram Walker no longer releases sales or profit figures.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,846	2,430
Magazines	17,208	21,421
Newsp. supps	235	302
Bus. pubs	31	0
Outdoor	5,000	7,073
Total measured	24,319	31,226
Unmeasured	8,200	10,000
Total	32,519	41,226

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William P. Wilde, vp, dir-mktg

Stephen Eskoff, vp, natl sales mgr

WINE & SPECIALTIES GROUP

Marketing Personnel

Elio L. Marcon, president

Martin W. Gold, president, Fredrick Wildman & Sons

Stephen Nadelberg, president, Hiram Walker-Consolidated Intl Brands

John J. Harcarufka, president, W.A. Taylor & Co.

T. William Samuels Jr., president, Maker's Mark Distillery

Terrence Clancey, president, Callaway Vineyard & Winery

KAHLUA GROUP

Marketing Personnel

Roy W. Stevens, president

Bill Blue, vp, dir-intl mktg

James T. Flaherty, vp-sales, Maidstone Wine & Spirits

David P. Boyle, vp-mktg, Maidstone Wine & Spirits

Advertising Agencies

Advertising to Women, New York—Harvey's ports and sherries—Phillip Garaci, exec vp.

N W Ayer, New York—Ballantine scotch, Canadian Rich & Rare—Stuart Brown, media super.

Eisaman, Johns & Laws, Los Angeles—Maidstone Wine & Spirits, Kahlua—Dean Laws, president, mgmt rep; Andrea Giambrone, sr vp-assoc creative dir; Rick Sale, vp-acct super; Wendy Silver, acct exec.

Lockhart & Pettus, New York—Canadian Club, black adv—Keith Lockhart, president; Theodore D. Pettus, exec vp; Ronn D. Harris, sr vp, dir-client svcs.

Poppe, Tyson, New York—Canadian Club Classic—Phil Moore, sr vp, dir-client svcs; Bill Giacalone, acct super.

Simons Michelson Zeive, Troy, Mich.—Royal Canadian—Dennis Zinzhook, vp-acct super.

J. Walter Thompson, New York—Courvoisier, Drambuie, Tia Maria, Cockburn's Port—Tim Arnold, sr vp-mgmt dir; Doug Foster, vp-sr acct super; Linda Kaplan, sr vp-creative dir.

Waring & LaRosa, New York—Babycham—John Cassano, vp-acct exec.

RANK

Wal-Mart Stores 107

Bentonville, Ark.

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,910	8,451	40.9
Net income	450	327	37.4
U.S. advertising	76	40	87.3

Wal-Mart Stores Inc., one of the country's fastest growing retailers which by tradition has begrudged its spending on advertising and promotions, nonetheless put that image to rest in 1986 by boosting total advertising 87.3% to $75.5 million.

Charles Self, Wal-Mart vp-finance, says Wal-Mart advertising has always been less than 1% of total sales. Of the total, measured spending was $30.5 million, up from only $16.3 million in 1985.

The largest increases in measured advertising during 1986 were reported in men's apparel, up 365% to $1.4 million; miscellaneous, up 269% to $10.1 million; automotive, up 233% to $1 million; and sport, toy and hobby, up 131% to $6.6 million.

Advertising expenditures still mirror Wal-Mart's reputation for maintaining low overhead, some say the lowest of any mass merchandiser in America. With its well-run, no-nonsense approach, Wal-Mart also is maintaining the competitive heat on other discounters.

Wal-Mart continues to ascend the ranks of America's retail giants. In terms of 1986 sales, it placed No. 2 among mass merchandising discount chains (behind K mart), No. 4 among mass merchandisers and No. 7 among all retailers.

The first two quarters of 1987 ending July 31 demonstrated strong growth. Revenues hit $6.9 billion, up 36% from 1986, and net income, $244.4 million, a rise of 44% over the same period a year earlier.

Wal-Mart, with an extensive presence in the Oil Belt states, is cruising through the region's economic slump in good standing, a fact observers credit to its sales of non-durable goods and discount brand name items.

J.D. Simpson III, VP-corporate finance and research analyst at the Little Rock, Ark., investment firm of Stephens Inc., believes Wal-Mart will maintain 30%-35% annual growth at least into 1990.

The corporation is continuing the strategy of expansion from its mid-Sun Belt base, across the South, Midwest and Southwest—now 24 states all told. A total of 1,050 Wal-Mart stores were operating on July 31, 1987, compared with 915 a year ago.

Wal-Mart continues to enjoy positive feedback from its Middle America constituency for its "Buy America" program instituted in 1986 by founder and chairman Sam M. Walton, who is reported to be the richest man in America. Officials tout the program as being responsible for the purchase of more than $1 billion of domestically produced goods.

Sam's Wholesale Club, a subsidiary, became the largest operation of its kind in the nation during 1986. On July 31, 1987, 73 outlets were generating sales of $615.9 million. That compares with 37 wholesale clubs producing $400.8 million a year ago. Wal-Mart gained the club through its purchase of Super Saver Warehouse Club Inc., Monroe, La., in May 1987. The deal involved 20 wholesale clubs in 12 states.

Within its general merchandise outlets, Wal-Mart added 144 pharmacies in 1986, and plans call for an additional 160 during 1987. Under consideration is the addition of grocery stores to some existing Wal-Mart stores of 100,000 sq. ft.

The corporation has experimented on a limited basis with deep discounting and retail health-and-beauty-aid operations. Officials expect to enter the $240 billion retail food market within a year when the first Hypermart U.S.A. opens in Garland, Texas, as part of a joint venture with Dallas-based Cullum Cos. The hypermart features a one-stop shopping approach in 220,000 sq. ft.—general merchandise, apparel, dry cleaning, shoe repair, fast-food restaurants, financial services and grocery items. Additional hypermarts are planned.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	85	0
Spot TV	30,445	16,322
Outdoor	0	2
Total measured	30,529	16,324
Unmeasured	45,000	24,000
Total	75,529	40,324

WAL-MART STORES
702 S.W. Eighth St.
Bentonville, Ark. 72716
(501) 273-4000
Marketing Personnel
Dwight Carney, vp-adv & sales promo
Bob McCurry, dir-adv
Joe Chappelle, dir-sales promo
Advertising Agency

Bernstein-Rein Advertising, Kansas City, Mo.—Skip Rein, exec vp.

Wellcome PLC

RANK **128**

London

($ in millions)			
Worldwide	**1986**	**1985**	**% chg**
Sales	1,468	1,473	(0.4)
Net income	93	87	7.2
U.S.	**1986**	**1985**	**% chg**
Sales	624	656	(4.7)
Operating profits	N/A	N/A	N/A
Advertising	65	51	26.2
Division sales	**1986**	**1985**	**% chg**
Human healthcare	1,231	1,205	2.2
Animal healthcare	237	260	(9.0)

Wellcome PLC, British-based pharmaceuticals manufacturer, in September started selling the only AIDS drug on the market, a drug one analyst predicts will reach $100 million in sales this year.

Even though Retrovir (trade name for azidothymidine or AZT) is considered a palliative—alleviating symptoms and extending life—rather than a cure, "there's nothing else out there," says Hemant Shah, analyst for Normura Securities International in New York.

At a cost to the customer of $11 million to $12,000 per year's supply, Retrovir should overtake Zorivax, the company's treatment for genital herpes that in fiscal 1986 became its top-selling product, says Mr. Shah. (Wellcome sources put customer cost of AZT at $8,000 yearly, with a bottle of 100 tablets selling wholesale for $188.)

Zorivax, which like AZT is advertised to physicians in a campaign run by Rolf Werner Rosenthal of New York, had worldwide sales of $153 million in fiscal 1986. Rumrill-Hoyt, a division of McCaffrey & McCall, advertises Zorivax to consumers, but not by name. They are told to ask their doctor about a prescription drug for herpes. There is no similar consumer advertising for AZT.

Wellcome's FDA application to market Zorivax in the U.S. as a treatment for shingles is pending. Potential competition looms ahead. Bristol-Myers is close to receiving government permission to conduct tests on two AIDS drugs, DDA and DDI. Without competition, Retrovir will be a $150 million-$200 million business next year, says Mr. Shah. The company's U.S. arm, Burroughs Wellcome Co. in Research Triangle Park, N.C., is manufacturer not only of Retrovir and Zorivax but of the company's popular OTC cold remedies, Actifed and Sudafed, and its topical antibiotic Neosporin. Actifed and Sudafed together had 18% of the U.S. market in 1986, estimates Kline & Co., a research firm in Fairfield, N.J. Separately, Actifed accounts for a 9.5% share and Sudafed for 8.5%. This was a slight drop from 1985, when Actifed had 10% and Sudafed 9%, but still the combined share was above Procter & Gamble Co.'s Nyquil (12% share) and SmithKline Beckman Corp.'s Contac (8%).

BAR/LNA service says Wellcome spent $13 million in measured media on Actifed and $8 million on Sudafed in 1986. Actifed spending dropped from $15 million in 1985, and Sudafed expenditures stayed the same. The company advertised Neosporin on network TV for the first time, spending $5.4 million. The three products accounted for 90% of Wellcome advertising as measured by BAR/LNA. Network TV claimed 90%.

Because 43% of sales and 67% of profits come from the U.S., Wellcome has been adversely affected by a steadily declining U.S. dollar.

Despite the dollar's 74.% decline against the pound, Wellcome closed fiscal '87 ending Aug. 30 with sales of $1.79 billion and retained profit of $111 million based on the 1987 average annual exchange rate of 1£ = $1.5764.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,435	271
Newsp. supps	142	0
Bus. pubs	670	1,388
Network TV	26,454	22,236
Spot TV	198	80
Network cable	348	455
Total measured	30,245	24,430
Unmeasured	34,655	27,000
Total	64,900	51,430

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Peter A. Reckert, vp-mktg & sales
Jerry Arnold, vp-prod mktg, new prods
Ron Wilson, dir-adv & comm
Advertising Agencies

Fones & Mann, New York—Actifed, Alkeran, Cardilate, Cortisporin Ophthalmics, Cortisporin Otics, Cortisporin Topical, Flolan, Imuran, Leukeran, Marezine tablets, Myleran, Neosporin Ophthalmics, Neosporin Topicals, Nix, Polysporin Ophthalmic, Polysporin Topicals, Polytrim, Purinethol, Sudafed, Thioguanine, Tracrium/Anectine, Viroptic, Wellbutrin, WellcovorinWellferon, Pediotic—Doug Wicker, Dave Callahan, acct supers.

Rolf Werner Rosenthal, New York—Retrovir, Zovirax—Howard Reiss, sr vp-mng dir; Carol Krugman, vp-project dir; Donna Moccio, vp-editing & programming dir; Joanne Jablonski, dir-operations & admin.

Rumrill-Hoyt, New York—consumer promo-Actifed prods (otc), Neosporin Topicals (otc), Polysporin Topicals (otc), Sudafed prods (otc)—Herbert Warren, exec vp-mgmt super; James Scanlon, sr vp-mgmt super; Walker Lewis, Doug Heimbigner, John Edwards, acct supers; Connie Gore, acct exec.

Hard sales projected

The Department of Commerce projects total retail hardlines sales to hit $116.1 billion by 1992, with hardware stores at $17.4 billion, home centers $55.3 billion, and DIY lumberyards $43.4 billion. Projections are based on a total hardlines industry compounded annual growth rate of 9.57% for 1986-92. In 1986, growth rate of hardware and home centers was 15.8% vs. 5.2% for all retailers.

Whirlpool Corp.

RANK **135**

Benton Harbor, Mich.

($ in millions)			
Worldwide	**1986**	**1985**	**% chg**
Sales	4,009	3,475	15.4
Net income	200	182	9.9
U.S. advertising	62	62	(0.5)
Division sales	**1986**	**1985**	**% chg**
Laundry appliance	1,353	1,301	4.0
Refridg. air cond.	1,391	1,228	13.3
Home appliances	920	690	33.3
Other prods.	344	255	34.9

Whirlpool Corp., building on its market leadership in many appliances, focused on kitchen products while selling its central heating and air-conditioning unit in 1986.

In the process, the company remained a major appliance supplier to Sears, Roebuck & Co., [illegible] provided 37% of its revenue during the [illegible].

Chairman Jack [illegible] Sparks, who retires this year, reported the company realized $156 million cash from the sale of the heating and AC company, Heil-Quaker Corp., to Inter City Gas of Canada.

A major thrust for Whirlpool is the conversion of KitchenAid Inc., which it bought in 1986, to a full-line, high-end supplier targeting trade-up replacement business. The KitchenAid product line was expanded and given a $3.5 million advertising push during the year, most in magazines.

New KitchenAid products include dishwashers, ovens, ranges, microwave ovens, refrigerators, freezers and laundry equipment. Whirlpool already is a market leader in some of these categories. *Appliance* magazine reported that Whirlpool in 1986 had a commanding 65% of the trash compacter market in unit sales, 54% of gas dryers, 53% of electric dryers, and 50% of washers. Whirlpool also is the leader in freezer unit sales with a 37% share, and holds 28% of the refrigerator market, 20% of dishwashers, 15% of electric ranges, and 2% of microwave ovens.

The 1986 acquisitions of Mastercraft Industries Corp. of Denver and St. Charles Manufacturing Co. of St. Charles, Ill., fit the thrust of the Whirlpool Kitchens Inc. subsidiary formed at the end of 1985. The purchases add various types of cabinets to the line, which Whirlpool Kitchens began marketing this year through company-owned retail operations called "Design Works Kitchen Centers."

Although advertising spending didn't rise in 1986, BAR/LNA monitored substantial shifts in the distribution of the spending—mainly toward brands and away from general promotion. The company gave its biggest push to Whirlpool dishwashers, increasing spending more than 51% to $7.3 million. Whirlpool ranges were given $5.2 million in advertising, up 62%.

The increases for the specific products were largely at the expense of advertising for general promotion, down 59%, and for major appliances, down 55%.

Company sales for the first six months of 1987 were 7.8% higher than the year before. But profits were down 5.4% for the same period, which Mr. Sparks attributed to increased production costs and the expense of making and marketing the KitchenAid line.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,140	1,750
Magazines	12,445	12,365
Newsp. supps	56	0
Bus. pubs	448	536
Network TV	13,925	14,477
Spot TV	2,638	2,317
Network radio	7,930	6,605
Spot radio	0	2
Outdoor	13	3,721
Network cable	291	306
Total measured	41,887	42,079
Unmeasured	19,909	20,000
Total	61,796	62,079

WHIRLPOOL CORPORATION
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Marketing Personnel
Hank W. Bowman, exec vp-mktg
Robert W. Paul, vp, Whirlpool sales
B. David Allen, div vp-mktg comm
Herbert A. Rose, natl adv mgr
Advertising Agencies

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—washers, dryers, refrigerators, dishwashers, conventional cooking prods (ranges, ovens), microwave ovens, vacuum cleaners, corp adv—R.P. Monley, exec vp-mgmt super; Tom Hayden, vp-acct super; J. Ryckman, K. Ayala, acct execs; S. Kopcha, exec vp-exec creative dir; G. Howell, vp-group creative dir.

The Netedu Co., Benton Harbor, Mich.—sales promo, prod literature, contests—Mike Kosinski, vp-acct super; Bill Sherrington, Cyndi Marquardt, Shari Hansel, acct execs.

KITCHENAID INC.
St. Joseph, Mich.
Marketing Personnel
Kenneth W. Kaminski, president
Glenn L. Zerler, div vp-sales
Walter C. Layton, dir-mktg comm
Robert R. Boatman, natl adv mgr
Advertising Agencies

N W Ayer, New York—Mark Bollman, sr vp-mgmt super; Charles Meding, sr vp-exec acct dir; Victoria Squires, vp-acct super; Kate Zobel, acct exec; John Walsh, sr vp-exec creative dir; Jim Murphy, Howard Rieger, sr vps-group creative dirs; Rees Behrendt, vp-creative super; Frank Campana, sr art dir.

Creative Advertising, St. Joseph, Mich.—sales promo, prod literature—Richard J Radke Jr., vp-acct super.

WHIRLPOOL KITCHENS
Englewood, Colo.
Marketing Personnel
Dennis D. Finch, president
Robert C. Russell, sr vp-mktg
Charles "Gus" Gustafson III, vp-contract sales
Steven W. Hammons, vp-retail sales
Timothy Gardner, corp dir-mktg svcs
Colleen Travis, super-adv & promo
Advertising Agency

Karsh & Hagan Advertising, Englewood, Colo.—all company activities—Tom Hagan, co-chmn; Hank Schaller, acct super; Melissa Steinberg, acct exec.

Wickes Cos.

RANK **167**

Santa Monica, Calif.

($ in millions)			
Worldwide	**1986**	**1985**	**% chg**
Sales	4,770	2,806	70.0
Net income	84	76	10.0
U.S.	**1986**	**1985**	**% chg**
Sales	4,231	2,537	66.7
Operating profits	207	127	62.3
Advertising	50	50	(0.1)
Division sales	**1986**	**1985**	**% chg**
Building matls	2,164	1,602	35.1
Wall covering	492	248	98.7
Apparel	915	451	103.0
Auto products	1,199	506	137.0

Wickes Cos., operating in four distinct product categories, is moving to reduce its exposure in its consumer-oriented businesses and concentrate on the industrial and high technology centers of activity.

In late October, Wickes put on the market three of its operating units—Wickes Lumber, Kayser-Roth Apparel and Kayser-Roth hosiery. Wickes is seeking more than $600 million for the units that had cumulative operating earnings of $80 million on sales of $1.8 billion in 1986.

The divestiture follows an acquisition binge in which Wickes spent about $2.5 billion since its emergence from a corporate reorganization under the protection of the Bankruptcy Code in early 1985.

Before it emerged from its Chapter 11 proceedings, Wickes Cos. was primarily a retailing operation. The company has since diversified into manufacturing, especially with the $1.16 billion purchase in late 1986 of Collins & Aikman Corp., a leading commercial and industrial textile manufacturer.

The acquisitions pumped up Wickes Co.'s sales by 70% to $4.77 billion for its fiscal 1986 ended Jan. 31, 1987, compared to $2.81 billion in the previous year. Net profit for the company edges up to 10.1% to $83.8 million.

In the first half of fiscal 1987 ending Aug. 1, Wickes had net sales of $3 billion, up from $2.1 billion in the corresponding period. Operating income was $185.5 million, up 47.2%.

Wickes Cos. spent a total of $150 million on advertising and sales promotion in 1986, according to Michael Sitric, senior VP-corporate communications. The bulk of that money, however, is spent on local newspaper and regional direct mail campaigns. Wickes spent $34.7 million in measured spending in 1986, up 4.2% from the previous year.

About 84% of Wickes measured spending went to TV advertising; $13.5 million in network TV and $5.3 million in spot buys. Wickes spent $2.3 million, or 7% of its total budget, on network and spot radio.

With 1986 fiscal year sales of $2.16 billion for the building materials and home improvement division, Wickes currently ranks as the No. 2 competitor in the home improvement center industry, trailing only Lowe's Inc. Despite its dominant position, Wickes claims only about 3% of the $68 billion industry. However, it is trying to sell the 241-store Wickes Lumber chain.

Wickes Lumber contributes an estimated 50% of the division's sales. About 60% of Wickes Lumber's revenues come from contractors, although the company has taken steps, including boosting consumer-oriented advertising, to lessen its reliance on this professional market.

Don Hunter, publisher of *Home Center* magazine, Lincolnshire, Ill., described Wickes' plan to sell Wickes Lumber as ironic. "Wickes Lumber is the grandfather of the home center industry," he says. "They were selling to consumers before there was a consumer market (for home improvement products)."

In a highly regionalized industry, Wickes Lumber, operating in 36 states, represents the closest thing to a national chain, Mr. Hunter says.

The sale of Wickes Lumber will leave the company's Builders Emporium chain intact. Wickes boosted that chain's presence with the 1986 acquisitions of Grace Home Centers West and Orchard Supply Hardware from W.R. Grace & Co. for $186.6 million.

The purchases created the largest network of home improvement centers in California.

In early 1987, Wickes decided to merge the advertising efforts of Builders Emporium and all California-based Ole's outlets, picked up in the acquisition.

As the largest of Wickes' four divisions, the building materials and home improvement segment contributed 41% of Wickes sales and 22% of its operating profit. With the acquisitions, the division boosted measured ad spending 65% to $14.9 million in 1986, compared to $9 million in the previous year.

Wickes entered the apparel and hosiery industries in July 1985, when it acquired Kayser-Roth Apparel and Kayser-Roth

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Hosiery as part of a $1 billion purchase of the Consumer and Industrial Products Group from Gulf + Western Industries. Wickes' apparel and hosiery division contributed 16% of the company's fiscal 1986 sales and 14% of its operating profit.

Kayser-Roth Hosiery ranks No. 2 behind Hanes Hosiery as the leading marketer of hosiery and socks. In the food, drug and mass merchandise stores, K-R's No Nonsense brand of women's hosiery competes primarily against L'eggs, from Hanes. Within the No Nonsense brand, K-R introduced two line extensions in 1986: Sheer & Silky and Light Support. No Nonsense holds about 30% of the $2.5 billion branded hosiery market, compared to Hanes' 40%. Wickes also competes in the hosiery market through department and specialty stores under such licensed brands as Calvin Klein, Liz Claiborne and Leg Looks. Through that distribution channel, Wickes ranks third behind Hanes and Pennaco Hosiery, a subsidiary of International Playtex. In 1986, Wickes introduced the Burlington brand to mass merchants.

About 90% of the Kayser-Roth division's $16.7 million ad spending, or $15.1 million, backed the No Nonsense brand, even outspending rival Hanes in the food, drug and mass merchandise outlets. The remaining $1.6 million supported K-R's apparel and other hosiery brands.

Kayser-Roth Apparel markets clothes under the Cheryl Tiegs, Calvin Klein, Cole of California and Catalina brands.

Sales of Wickes' automotive and industrial products division more than doubled in 1986 to $1.2 billion, and with Wickes' divestiture plans, the division should play an even more important role for the company. While the division's sales represented 27% of Wickes' revenues, the division accounted for 40% of Wickes' operating income. Although primarily a wholesaler, the division includes APS Inc., which operates 100 company-owned and 1,500 independently owned Big A Auto Parts Stores. Wickes spent $1.9 million in 1986 to advertise its Big A stores.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,497	2,473
Newsp. supps.	213	156
Bus. pubs.	300	0
Network TV	13,545	14,078
Spot TV	15,258	13,899
Network radio	1,931	2,337
Spot radio	445	397
Outdoor	221	204
Network cable	285	198
Total measured	34,694	33,741
Unmeasured	15,000	16,000
Total	49,694	49,741

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Dennis Albert, vp-adv
KAYSER-ROTH APPAREL
Marketing Personnel
Charles Gessner, president
Maurice Forman, vp-strategic planning
Harvey B. Hoffman, president, Calvin Klein Underwear, Sleepwear
Robert A. Cordova, president, Catalina
George P. Green, president, Cole of California
KAYSER-ROTH HOSIERY
Marketing Personnel
P. Frederick Kahn, president
Michael C. Proies, president, No Nonsense Fashions
Terry Waltz, vp-mktg, No Nonsense Fashions
Terry L. Johnson, president, ladies hosiery div
Richard L. Hall, president, sock div
LEATH FURNITURE
Corporate Personnel
Robert C. Feuerhaken, chmn
ORCHARD SUPPLY HARDWARE
Marketing Personnel
Maynard Jenkins, president-ceo
Joseph DiRocco, vp-mktg
WICKES FURNITURE
Marketing Personnel
Robert C. Feuerhaken, chmn
John A. Klein, president-ceo
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WICKES MANUFACTURING CO.
Marketing Personnel
Neil J. Feola, president
Susan Williams, mktg dir
APS INC.
Marketing Personnel
Fred Pisciotta, president
YORKTOWNE
Marketing Personnel
Sam Palazzolo, president
John Stephenson, mktg dir
Advertising Agencies

Foote, Cone & Belding, Chicago—No Nonsense brands—Malcolm Campbell, Rhonda Shumway, acct execs.

(In-house) Wickes Advertising, Santa Monica, Calif—all adv except No Nonsense brand—Joseph Sollish, vp-mng dir.

Western International Media, Los Angeles—all media buying—Jack Silver, acct exec.

Winn-Dixie Stores

RANK **155**

Jacksonville, Fla.

($ in millions)

Worldwide	1987	1986	% chg
Sales	8,804	8,225	7.0
Net income	112	116	(3.5)
U.S. advertising	53	45	17.1

To counter unyielding competition, Winn-Dixie Stores Inc. is lowering prices, building larger stores and closing smaller ones, increasing its produce offerings by 20% and boosting advertising. W-D is the fourth largest U.S. grocer and the largest supermarket chain in the Sun Belt.

During its fiscal 1987, which ended June 24, Winn-Dixie opened 84 "superstores" (about 37,000 sq. ft. each) and closed 68 stores, averaging 20,800 sq. ft. The company also added one more Table Supply, its warehouse-type, bag-your-own grocery outlet, bringing that division to six stores, averaging 73,000 sq. ft.

Ambitious plans in the next 12 months call for the closing 40 small stores and building the same number of larger ones. The company hopes to increase sales 8% to $9.5 billion in fiscal 1988.

One-third of W-D's 1,260 stores are in Florida; the rest are scattered though 12 states, from Texas to Virginia.

The chain's biggest competitor in Florida is the Publix chain, which has a total of 331 stores, all in Florida. It is slightly more upscale than W-D.

The company faces the toughest competition in the Tampa-Orlando belt. According to *Progressive Grocer*, the combined Tampa-Orlando area has had a 25% increase in stores since 1980, ranking it the second hottest area of activity in the nation, next to Charlotte, N.C.

Kroger, the nation's largest grocer, opened its Florida Choice division in 1985 and now has 44 stores, most of them in the Tampa-Orlando area.

Earlier this year, Kroger opened two Welcome Super Warehouse stores in Winn-Dixie's backyard, Jacksonville. In August, North Carolina-based Food Lion also opened four stores in Jacksonville. The company plans 20 additional store openings in Florida in the next 12 months.

Last year, however, Winn-Dixie claimed the No. 1 spot in Jacksonville and Orlando, with 30% and 35% market shares, respectively, compared to Publix, 28% and 29%, respectively. However, Publix won with a 27% market share in Tampa to Winn-Dixie's 16%.

The heavy competition has forced W-D to lower prices, which has cut into margins and contributed to W-D's 3.5% earnings decline in fiscal 1987.

Burdensome trucking costs prompted the company to make its first major divestiture in recent years. Sixteen small stores in Nashville, Tenn., were sold in October 1987 to Malone & Hyde, a Memphis food wholesaler.

In addition to competitive pressures, the company has suffered from the depressed economies in the oil producing states of Louisiana and Texas, where it operates 90 and 86 stores, respectively.

W-D spent $52.5 million on advertising in 1986, up 17.1% from 1985, according to AD AGE estimates. The majority of spending fell in spot TV. W-D's most recent theme, was "At Winn-Dixie, we're right for you." The company also touts the epithet, "The Beef People" in most of its ads.

All print advertising is handled in-house in each of its 12 divisional headquarters.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Network TV	5,098	2,199
Spot TV	16,874	17,330
Spot radio	834	196
Outdoor	523	50
Network cable	0	86
Total measured	23,329	19,861
Unmeasured	29,200	25,000
Total	52,529	44,861

WINN-DIXIE STORES
5050 Edgewood Court
Jacksonville, Fla. 32205
(904) 783-5000
Marketing Personnel
G.E. (Mickey) Clerc, adv dir
Advertising Agencies

William Cook Advertising, Jacksonville, Fla.—William W. Cook, chmn; Bernard C. Schramm Jr, prsident; Carson Eddings, exec vp.

Zubi Advertising, Miami—hispanic adv—Maritere Fuarez, acct exec.

F.W. Woolworth Co.

RANK **108**

New York

($ in millions)

Worldwide	1987	1986	% chg
Sales	6,501	5,958	9.1
Net income	214	177	20.9
U.S.	**1987**	**1986**	**% chg**
Sales	3,876	3,650	6.2
Operating profits	299	283	5.7
Advertising	74	65	14.8
Division sales	**1987**	**1986**	**% chg**
General merch.	1,954	1,938	0.8
Specialty	1,922	1,712	12.3

F.W. Woolworth continued in 1986 what worked so well in '87: Expansion into the specialty retail business. In fiscal 1987 ending Jan. 31, Woolworth's specialty stores contributed slightly more than half of the companies pre-tax operating profit, compared with 39% five years ago.

The company's top brass recently predicted that figure would jump to 65% by 1992. In fact, by the early 1990s, Woolworth's will have become a chain focusing on shoes and children's clothing.

The transformation is taking place rapidly. Woolworth's aggressively expanded into retail marketing five years ago; this year the chain will add 600 specialty units for a total of 5,100 stores, or about 75% of its total number of stores. The expansion in fiscal 1988 will cost the company $225 million.

Specialty stores produce higher sales per square foot and have a higher return on investment than the traditional merchandise store. Woolworth's has about 28 specialty divisions, including Kinney, Foot Locker, Richman Bros., Anderson-Little and Little Folk Shops.

The change is also likely to affect Woolworth's advertising and media expenditures. The company virtually ceased network advertising in 1986, pumping more money into local media, including spot TV and magazines. Woolworth's expansion into specialty units has mostly focused on footwear.

Kinney also continued heavy specialty development last year. Foot Locker added 130 stores, for a total of 765. Lady's Foot Locker added 40 units for a total of 130. Foot Locker began its 1987 marketing program in 1987 via the Super Bowl.

In 1986, non-footwear specialty stores represented 9% of total sales. That is expected to grow to 19% of sales and 23% of profits by 1991.

Woolworth's has pushed most aggressively Afterthoughts, a chain of costume jewelry, handbag and earring boutiques. The company also introduced Face Fantasies last year, a cosmetic and beauty product boutique.

Richman Bros. added eight Anderson-Little and four Richman stores last year, in bringing the total to 319. Targeted at working women, Richman's introduced the Richman Woman apparel line.

Little Folk Shop, which has been a troubled Woolworth division, had a $7 million loss last year on revenues of $131 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	4,690	760
Newsp. supps.	4,254	4,422
Network TV	370	2,036
Spot TV	14,079	9,942
Network radio	0	132
Spot radio	2,610	6,194
Outdoor	44	126
Network cable	2,124	931
Total measured	28,171	24,543
Unmeasured	45,912	40,000
Total	74,083	64,543

F.W. WOOLWORTH CO.
233 Broadway
New York, N.Y. 10279
(212) 553-2000
Corporate Personnel
Harold E. Sells, chmn-ceo
Frederick E. Hennig, president-coo
C. Jackson Gray, vp-corp planning & devel
Joseph F. Carroll, vp-public affairs
U.S. WOOLWORTH
New York
Corporate Personnel
Robert L. Jennings, president-ceo
Charles H. Hullhorst, sr exec vp-coo
Marketing Personnel
Gary Fuller, vp-adv
Charles Worley, dir-sales promo & adv
Frank A. Bonacci, vp-sales, adv, visual merch
Advertising Agency

AC&R/DHB & BESS, New York—Donald Patrick, exec vp.

KINNEY SHOE CORP.
New York
Marketing Personnel
Cameron I. Anderson, president
John K. Aneser, vp-comm
Spencer Joyner, vp-intl mktg
Kurt Janke, vp-visual merch
Advertising Agency

AC&R/DHB & BESS, New York—Donald Patrick, exec vp; William Hallenbeck, sr vp-mgmt super, Footlocker, Lady's Footlocker; Doug Fidoten, sr vp-mgmt super, Kinney Shoes.

RICHMAN BROTHERS CO.
Fall River, Mass.
Marketing Personnel
William H. Gaudreau, president-ceo
Anthony Carosella, vp-sales
Advertising Agency

Harold Cabot & Co., Boston—Mark Grace, acct exec.

ANDERSON-LITTLE CO.
Fall River, Mass.
Marketing Personnel
William H. Gaudreau, president-ceo
Anthony Carosella, vp-sales
Advertising Agency

Harold Cabot & Co., Boston—Mark Grace, acct exec.

Zayre Corp.

RANK **157**

Framingham, Mass.

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,350	4,030	32.8
Net income	89	95	(6.0)
U.S. advertising	52	34	54.5
Division sales	**1986**	**1985**	**% chg**
Discount stores	3,040	2,630	15.6
Specialty stores	1,390	1,140	21.9
Warehouse clubs	909	248	266.5

The past year and a half has been a period of turmoil and change at Zayre Corp., culminating in a possible hostile takeover bid and the dissolution of Zayre Discount Department Stores' 18-year relationship with its Boston ad agency.

Zayre's problems are seen in its net income, which dropped 6% in 1986 over the previous year despite a 32.8% increase in sales. The drop is attributed to poor performances by the company's warehouse club and discount department stores divisions, including the disappointing performance of the Louisiana Gaylords stores which were converted to Zayre units. By the end of 1986, Zayre operated 362 discount department stores in 25 states in the eastern half of the country. In 1987, Zayre plans to add 25 more stores.

In mid 1987, Zayre department stores chairman Malcolm Sherman resigned. He has not been replaced. At the same time, Zayre Corp. chairman Maurice Segall announced that Zayre would liquidate dated merchandise and get the stores moving in a new direction, says David Snell, senior VP-marketing for Zayre stores.

By the end of September, the discount store's ad agency of 18 years, Boston-based Ingalls, Quinn & Johnson, was dismissed from the account, which bills about $17 million for major media, according to Mr. Snell. "We wanted to do things differently. We are making major strategic marketing changes," he says. IQ&J will continue to handle Zayre's public relations.

Ironically, the agency's dismissal came shortly after the agency broke what many industry observers consider the best creative Zayre ever showed, although the results were less than expected, concedes Mr. Snell.

After quietly talking with ad agencies throughout the summer, Zayre picked AC&R/DHB & BESS, New York.

As part of the strategic marketing and ad agency change, Zayre will test a new frequent purchaser program similar to the frequent flyer programs operated by the airlines, says Mr. Snell. The program will allow Zayre shoppers to accumulate credits and incentives for future purchases.

A major spot TV advertiser, Zayre runs no network TV and virtually no radio. The company will reduce its already minimal use of magazines. Zayre has used CATV in the past to reach the Hispanic market and is "exploring more uses for cable," says Mr. Snell.

T.J. Maxx, an off-price apparel chain of 226 stores in 35 states, was the star performer for Zayre Corp. in 1986. T.J. is part of the company's specialty store group, along with Hit or Miss and Chadwick's of Boston, a mail-order operation. While sales in this specialty group increased 21.9%, operating income rose 18.2% to $104 million.

T.J. ended 1986 with 226 stores, of which 35 opened during the year. The company expects to open another 35 in 1987.

Hit or Miss ended the year with 461 stores and expects to add 50 stores during 1987, including some penetration into California.

IQ&J continues to handle the T.J. Maxx advertising account, which was not affected by the pullout from the agency of the Zayre department store account.

The specialty stores spend approximately $6.4 million on major media, up 23.1% from the previous year, almost all in spot TV.

The warehouse club group of Zayre is another problem area, running up a $12 million loss for 1986. The warehouse club group is composed of BJ's Wholesale Club and HomeClub, a West Coast home building supplies discounter.

BJ's was operating 15 stores in New England, New York, and Illinois at the end of 1986 and expects to add six stores in 1987. HomeClub, which was acquired in January 1986, operated 28 stores at the end of 1986, and intends to add eight more in 1987. Neither BJ's nor HomeClub are substantial advertisers.

This past October, Zayre was notified by Edward DeBartolo Jr., owner of the San Francisco 49ers football team, that he is increasing his stake in the company and may move to acquire a controlling interest in the company. Zayre executives are preparing to resist it, according to published reports.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	37	0
Bus. pubs.	9	4
Spot TV	17,000	13,431
Spot radio	8,298	3,400
Outdoor	9	45
Total measured	25,353	16,880
Unmeasured	27,000	17,000
Total	52,353	33,880

ZAYRE CORP.
770 Cochituate Rd.
Framingham, Mass. 01701
(617) 620-5000
Corporate Personnel
Sumner Feldberg, chmn, exec committee
Maurice Segall, chmn & president
ZAYRE DISCOUNT
DEPARTMENT STORES
Marketing Personnel
David A. Snell, sr vp-mktg
Advertising Agencies

AC&R/DHB & BESS, New York—Karen Amorelli, vp-mgmt super; Lorraine Linton, acct super.

Burrell Advertising, Chicago—Donald Coleman, sr vp-mgmt super; Robert Jackson, acct super.

T.J. MAXX STORES
Natick, Mass.
Marketing Personnel
Peter Maich, sr vp-genl merch
Gary Stuart, asst vp, mktg mgr
Advertising Agency

Ingalls, Quinn & Johnson, Boston—Carol Trifone, mgmt super; Charlie O'Brien, acct super; Catherine Ferrigno, asst acct mgr; Mimi Donovan, acct coord.

HIT OR MISS SHOPS
Stoughton, Mass.
Marketing Personnel
Glenn Lyon, exec vp, genl merch mgr
Advertising Agency

Under review.

BJ'S WHOLESALE
Natick, Mass.
Marketing Personnel
Robert Dugan, vp-store operations
HOMECLUB
Fullerton, Calif.
Marketing Personnel
Brad Tukey, sr vp, genl merch mgr